

Kareeberg

MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2019

KAREEBERG LOCAL MUNICIPALITY

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KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Kareeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Kareeberg Municipality includes the following geographical areas:

*Carnarvon
Vosburg
Vanwyksvlei*

MAYOR

Mr N.S. van Wyk

MUNICIPAL MANAGER

Mr F. Manuel (Since 1 December 2017)

CHIEF FINANCIAL OFFICER

Mr W. de Bruin (Since 5 March 2018)

REGISTERED OFFICE

*Hanau Street,
CARNARVON,
9825*

AUDITORS

*Office of the Auditor General (NC)
Oliver Road,
Kimberley, 8301*

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

*G.B. Kempen & De Wet Nel, Victoria Street, Carnarvon
Herman Van Heerden Ing, Southey Street, Douglas*

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
SALBC Leave Regulations

KAREEBERG LOCAL MUNICIPALITY

MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr E. Hoorn
2	Mr N.S. van Wyk
3	Mr G.P. van Louw
4	Mr B.J.E. Slambée
Proportional	Mr J.E.J. Hoorn
Proportional	Ms G. Saal
Proportional	Mr W.D. Horne

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 92 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.


Mr F. Manuel (Since 1 December 2017)
Municipal Manager

31 August 2019
Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 (Actual) R	2018 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		165 880 155	139 644 683
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	48 202	45 545
Accumulated Surplus		154 484 142	128 251 326
Non-Current Liabilities		34 511 627	33 743 045
Employee benefits	3	8 106 376	9 305 009
Non-Current Provisions	4	26 405 251	24 438 036
Current Liabilities		19 248 834	22 629 379
Consumer Deposits	5	327 904	325 569
Current Employee benefits	6	2 658 170	2 293 589
Trade and Other Payables from exchange transactions	7	1 958 002	1 671 714
Unspent Transfers and Subsidies	8	14 304 758	18 338 507
Total Net Assets and Liabilities		219 640 617	196 017 108
ASSETS			
Non-Current Assets		173 527 678	148 793 563
Property, Plant and Equipment	10	155 961 000	131 610 858
Investment Property	11	15 412 204	15 425 146
Intangible Assets	12	26 631	14 136
Heritage Assets	13	14 900	14 900
Capitalised Restoration Cost	14	2 096 992	1 708 738
Long-Term Receivables	15	15 951	19 785
Current Assets		46 112 939	47 223 545
Inventory	16	546 936	546 936
Trade Receivables from exchange transactions	17	3 045 857	3 385 230
Other Receivables from non-exchange transactions	18	53 219	-
Operating Lease Asset	19	33 870	37 909
Current Portion of Long-term Receivables	15	4 967	4 773
Cash and Cash Equivalents	20	42 428 089	43 248 697
Total Assets		219 640 617	196 017 108

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 (Actual) R	2018 (Actual) R	Correction of Error - Note 36.05 R	2018 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		68 753 200	45 972 512	272 043	45 700 469
Taxation Revenue		8 327 522	4 430 162	-	4 430 162
Property taxes	21	8 327 522	4 430 162	-	4 430 162
Transfer Revenue		58 184 891	40 784 060	-	40 784 060
Government Grants and Subsidies - Capital	22	28 296 993	14 386 380	-	14 386 380
Government Grants and Subsidies - Operating	22	29 887 898	26 350 728	-	26 350 728
Contributed Property, Plant and Equipment		-	46 953	-	46 953
Other Revenue		2 240 788	758 289	272 043	486 246
Actuarial Gains	3	1 916 511	412 486	-	412 486
Availability Charges	23	301 996	272 043	272 043	-
Third Party Payments		-	35 263	-	35 263
Licences and Permits		12 661	17 978	-	17 978
Fines		9 620	20 520	-	20 520
Revenue from Exchange Transactions		20 135 377	16 658 067	(272 043)	16 930 110
Property Rates - Penalties & Collection Charges	24	187 596	134 553	-	134 553
Service Charges		16 022 540	12 246 000	(272 043)	12 518 043
Rental of Facilities and Equipment		294 261	279 943	-	279 943
Interest Earned - external investments		3 439 548	3 716 281	-	3 716 281
Interest Earned - outstanding debtors		1 045	1 231	-	1 231
Agency Services		151 238	236 769	-	236 769
Other Revenue	25	39 149	43 289	-	43 289
Total Revenue		88 888 577	62 630 578	-	62 630 578
EXPENDITURE					
Employee related costs	27	20 904 722	19 370 993	-	19 370 993
Remuneration of Councillors	28	2 532 343	2 445 807	-	2 445 807
Debt Impairment	30	3 957 784	271 774	-	271 774
Depreciation and Amortisation	31	4 430 327	3 478 485	(42)	3 478 527
Impairments	10	52 936	8 058	-	8 058
Actuarial losses	3	29 812	76 757	-	76 757
Finance Charges	32	2 396 340	2 281 877	-	2 281 877
Bulk Purchases	33	9 485 219	8 887 294	-	8 887 294
Contracted services	29	5 700 091	4 160 927	879 572	3 281 355
Grants and Subsidies	34	1 249 484	1 018 370	-	1 018 370
Stock Adjustments	33	1 648 775	1 601 689	-	1 601 689
General Expenses	35	10 259 589	9 587 893	-	9 587 893
Total Expenditure		62 647 423	53 189 923	879 529	52 310 393
Operating Surplus for the Year		26 241 154	9 440 656	(879 529)	10 320 185
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset	10	(6 814)	(2 400)	-	(2 400)
Gain on disposal of Property, Plant & Equipment/Investment Property/Intangible Asset	10	-	13 277	-	13 277
Fair Value Adjustments	26	1 133	1 274	-	1 274
NET SURPLUS FOR THE YEAR		26 235 473	9 452 807	(879 529)	10 332 336

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2017				
Restated Balance at 1 July 2017	43 061	11 347 812	119 442 074	130 832 947
Net Surplus/(Deficit) for the year	43 061	11 347 812	119 442 074	130 832 947
Correction of error - See Note 36.05	-	-	10 332 336	10 332 336
Transfer to Housing Development Fund	-	-	(879 529)	(879 529)
Rounding	2 484	-	(2 484)	-
	-	-	(1)	(1)
Balance at 30 June 2018	45 545	11 347 812	128 892 395	140 285 752
Correction of error - See Note 36.04	-	-	(641 069)	(641 069)
Restated Balance at 1 July 2018	45 545	11 347 812	128 251 326	139 644 683
Net Surplus/(Deficit) for the year	-	-	26 235 473	26 235 473
Transfer to/from Housing Development Fund	2 657	-	(2 657)	-
Rounding	-	-	(1)	(1)
Balance at 30 June 2019	48 202	11 347 812	154 484 142	165 880 155

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	R	(Actual) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		7 159 002	4 366 905
Service Charges		11 521 996	10 970 362
Other Revenue		4 610 877	3 874 270
Government - Operating		26 106 000	24 609 000
Government - Capital		28 019 000	19 079 000
Interest		3 335 972	3 605 728
Payments			
Suppliers and employees		(49 172 325)	(43 022 550)
Finance charges	32	(2 396 340)	(2 281 877)
Transfers and Grants	34	(1 249 484)	(1 018 370)
Net Cash from Operating Activities		27 934 698	20 182 467
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(28 782 947)	(15 173 707)
Proceeds on Disposal of Fixed Assets		37 137	66 030
Purchase of Intangible Assets		(16 602)	(13 372)
Net Cash from Investing Activities		(28 762 413)	(15 121 049)
CASH FLOW FROM FINANCING ACTIVITIES			
(Increase)/Decrease in Long-term Receivables		4 773	4 586
Increase/(Decrease) in Consumer Deposits		2 335	1 430
Rounding		(1)	-
Net Cash from Financing Activities		7 107	6 016
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(820 608)	5 067 434
Cash and Cash Equivalents at the beginning of the year		43 248 697	38 181 264
Cash and Cash Equivalents at the end of the year	38	42 428 089	43 248 697
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(820 608)	5 067 434

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	257 876	(3 806 027)	4 063 903	Payment percentage increased and more interest received.
Call investment deposits	42 170 213	45	42 170 168	Error on Adjustment Budget strings.
Consumer debtors	1 800 430	(3 401 127)	5 201 557	Error on Adjustment Budget strings.
Other Receivables	1 332 516	500 608	831 908	Increase in rental debtors and VAT.
Current portion of long-term receivables	4 967	-	4 967	
Inventory	546 936	(100 000)	646 936	Error on Adjustment Budget strings
Total current assets	46 112 939	(6 806 501)	52 919 440	
Non current assets				
Long-term receivables	15 951	-	15 951	
Investments	-	4	(4)	
Investment property	15 412 204	19	15 412 185	Error on Adjustment Budget strings.
Property, plant and equipment	158 057 992	34 229 649	123 828 343	Error on Adjustment Budget strings.
Biological Assets	-	7	(7)	
Intangible Assets	26 631	-	26 631	
Heritage Assets	14 900	-	14 900	
Total non current assets	173 527 678	34 229 679	139 297 999	
TOTAL ASSETS	219 640 617	27 423 178	192 217 439	
LIABILITIES				
Current liabilities				
Bank overdraft	-	(3)	3	
Borrowing	-	(8)	8	
Consumer deposits	327 904	(18)	327 922	Error on Adjustment Budget strings.
Trade and other payables	16 262 760	2 124 234	14 138 526	Error on Adjustment Budget strings.
Provisions and Employee Benefits	2 658 170	334	2 657 836	Error on Adjustment Budget strings.
Total current liabilities	19 248 834	2 124 539	17 124 295	
Non current liabilities				
Borrowing	-	(6)	6	
Provisions and Employee Benefits	34 511 626	360	34 511 266	Error on Adjustment Budget strings.
Total non current liabilities	34 511 626	352	34 511 274	
TOTAL LIABILITIES	53 760 460	2 124 891	51 635 569	
NET ASSETS	165 880 156	25 298 287	140 581 867	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	154 484 142	(2)	154 484 144	Error on Adjustment Budget strings
Reserves	11 396 014	-	11 396 014	Error on Adjustment Budget strings
TOTAL COMMUNITY WEALTH/EQUITY	165 880 156	(2)	165 880 158	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	2 535 152	(6 341 179)	(3 806 027)	
Call investment deposits	45	-	45	
Consumer debtors	(3 401 127)	-	(3 401 127)	
Other Receivables	500 608	-	500 608	
Current portion of long-term receivables	-	-	-	Lower payment percentage and less interest on grants.
Inventory	(100 000)	-	(100 000)	
Total current assets	(465 322)	(6 341 179)	(6 806 501)	
Non current assets				
Long-term receivables	-	-	-	
Investments	4	-	4	
Investment property	19	-	19	
Property, plant and equipment	70 561 699	(36 332 050)	34 229 649	
Biological Assets	7	-	7	
Intangible Assets	-	-	-	RBIG funds not received.
Heritage Assets	-	-	-	
Total non current assets	70 561 729	(36 332 050)	34 229 679	
TOTAL ASSETS	70 096 407	(42 673 229)	27 423 178	
LIABILITIES				
Current liabilities				
Bank overdraft	(3)	-	(3)	
Borrowing	(8)	-	(8)	
Consumer deposits	(18)	-	(18)	
Trade and other payables	2 124 237	(3)	2 124 234	
Provisions and Employee Benefits	334	-	334	
Total current liabilities	2 124 542	(3)	2 124 539	
Non current liabilities				
Borrowing	(8)	-	(8)	
Provisions and Employee Benefits	360	-	360	
Total non current liabilities	352	-	352	
TOTAL LIABILITIES	2 124 894	(3)	2 124 891	
NET ASSETS	67 971 513	(42 673 226)	25 298 287	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	(2)	-	(2)	
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	(2)	-	(2)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	8 327 522	7 497 216	830 306	Valuation roll estimates incorrect.
Property rates - penalties & collection charges	187 596	-	187 596	
Service charges	16 324 535	7 155 610	9 168 925	Error on Adjustment Budget strings.
Rental of facilities and equipment	284 261	376 367	(82 106)	Not all facilities rented out.
Interest earned - external investments	3 439 548	2 819 350	620 198	Higher interest rates.
Interest earned - outstanding debtors	1 045	199 500	(198 455)	Error on Adjustment Budget strings.
Dividends received	-	-	-	
Fines	9 620	12 842	(3 222)	
Licences and permits	12 661	5 882	6 779	
Agency services	151 238	-	151 238	Included under other revenue.
Government Grants and Subsidies - Operating	29 887 898	26 106 000	3 781 898	Reclassification of grant VAT.
Other revenue	1 956 793	14 966 433	(13 009 640)	Reclassification of grant VAT and Equitable Share.
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	60 592 716	59 139 200	1 453 516	
EXPENDITURE BY TYPE				
Employee related costs	20 904 722	23 877 256	(2 972 534)	Vacancies and less provision.
Remuneration of councillors	2 532 343	2 805 089	(272 746)	
Debt impairment	3 957 784	3 663 558	294 226	
Depreciation & asset impairment	4 430 327	6 153 893	(1 723 566)	Final calculation not in line with estimates.
Finance charges	2 396 340	958 789	1 437 541	Final calculation not in line with estimates.
Bulk purchases	11 133 994	10 748 664	385 330	
Other materials	-	1 094 497	(1 094 497)	mSCOA reclassification of line items.
Contracted services	5 700 091	6 522 273	(822 182)	mSCOA reclassification of line items.
Grants and subsidies paid	1 249 484	1 654 800	(405 116)	Less indigents registered.
Other expenditure	10 342 337	9 007 280	1 335 057	mSCOA reclassification of line items.
Loss on disposal of PPE	6 814	-	6 814	
Total Operating Expenditure	62 654 237	66 485 909	(3 831 672)	
Operating Deficit for the year	(2 061 520)	(7 346 709)	5 285 189	
Government Grants and Subsidies - Capital	28 296 993	32 645 000	(4 348 007)	RBIG funds not received.
Net Surplus for the year	26 235 473	25 298 291	937 182	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

REVENUE BY SOURCE	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)	Reasons for material adjustments
Property rates	7 079 339	417 877	7 497 216	
Property rates - penalties & collection charges	-	-	-	Valuation roll changes.
Service charges	16 843 244	(9 687 634)	7 155 610	
Rental of facilities and equipment	376 367	-	376 367	Error on Adjustment Budget strings.
Interest earned - external investments	1 319 350	1 500 000	2 819 350	Higher interest rate.
Interest earned - outstanding debtors	199 500	-	199 500	
Dividends received	-	-	-	
Fines	12 842	-	12 842	
Licences and permits	5 882	-	5 882	
Agency services	-	-	-	
Government Grants and Subsidies - Operating	26 106 000	-	26 106 000	
Other revenue	20 044 312	(5 077 879)	14 966 433	Reclassification of grant VAT.
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	71 986 836	(12 847 636)	59 139 200	
EXPENDITURE BY TYPE				
Employee related costs	22 525 778	1 351 478	23 877 256	mSCOA reclassification of line items.
Remuneration of councillors	2 816 131	(11 042)	2 805 089	
Debt impairment	3 401 000	262 558	3 663 558	Lower payment percentage.
Depreciation & asset impairment	5 153 895	999 998	6 153 893	Increase in estimate.
Finance charges	958 799	-	958 799	
Bulk purchases	12 548 664	(1 800 000)	10 748 664	Decrease in estimate.
Other materials	894 497	200 000	1 094 497	mSCOA reclassification of line items.
Contracted services	6 522 273	-	6 522 273	
Grants and subsidies paid	1 781 899	(127 299)	1 654 600	
Other expenditure	12 834 383	(3 827 103)	9 007 280	mSCOA reclassification of line items.
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	69 437 319	(2 951 410)	66 485 909	
Operating Surplus/(Deficit) for the year	2 549 517	(9 896 226)	(7 346 709)	
Government Grants and Subsidies - Capital	65 422 000	(32 777 000)	32 645 000	RBIG funds not received.
Net Surplus/(Deficit) for the year	67 971 517	(42 673 226)	25 298 291	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET				
	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property Rates	7 159 002	7 497 216	(338 214)	
Service Charges	11 521 996	7 155 610	4 366 386	Error on Adjustment Budget strings.
Other Revenue	4 610 877	15 561 024	(10 950 147)	Error on Adjustment Budget strings.
Government - Operating	26 106 000	26 106 000	-	
Government - Capital	28 019 000	32 645 000	(4 626 000)	Roll Over.
Interest	3 335 972	2 819 350	516 622	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(49 172 325)	(54 055 056)	4 882 733	Vacancies.
Finance charges	(2 396 340)	(958 799)	(1 437 541)	Final calculation not in line with estimates.
Transfers and Grants	(1 249 484)	(1 621 500)	372 016	Less indigents registered.
NET CASH FROM/(USED) OPERATING ACTIVITIES	27 934 698	35 148 843	(7 214 145)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	37 137	-	37 137	
Decrease/(increase) in non-current receivables	4 773	-	4 773	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(28 799 550)	-	(28 799 550)	Error on Adjustment Budget strings.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(28 757 640)	-	(28 757 640)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	2 335	-	2 335	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 335	-	2 335	
NET INCREASE/(DECREASE) IN CASH HELD	(820 608)	35 148 843	(35 969 450)	
Cash and Cash Equivalents at the beginning of the year	43 248 697	-	43 248 697	Error on Adjustment Budget strings.
Cash and Cash Equivalents at the end of the year	42 428 089	35 148 843	7 279 246	Error on Adjustment Budget strings.

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	7 079 339	417 877	7 497 216	
Service charges	16 843 244	(9 687 634)	7 155 610	Error on Adjustment Budget strings.
Other revenue	20 638 903	(5 077 879)	15 561 024	Reclassification of grant VAT.
Government - operating	28 106 000	-	28 106 000	
Government - capital	65 422 000	(32 777 000)	32 645 000	RBIG funds not received.
Interest	1 319 350	1 500 000	2 819 350	Higher interest rate.
Dividends	-	-	-	
Payments				
Suppliers and Employees	(58 141 725)	4 086 667	(54 055 058)	mSCOA reclassification of line items.
Finance charges	(958 799)	-	(958 799)	
Transfers and Grants	(1 621 500)	-	(1 621 500)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 686 812	-41 537 989	35 148 843	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	8 490	(8 490)	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(60 814 420)	60 814 420	-	Error on Adjustment Budget strings
NET CASH FROM/(USED) INVESTING ACTIVITIES	(60 805 930)	60 805 930	-	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	10 000	(10 000)	-	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	10 000	(10 000)	-	
NET INCREASE/(DECREASE) IN CASH HELD	15 890 882	19 257 961	35 148 843	
Cash and Cash Equivalents at the beginning of the year	-	-	-	
Cash and Cash Equivalents at the end of the year	15 890 882	19 257 961	35 148 843	Error on Adjustment Budget strings

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 20 (Original – June 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 34 (Revised – April 2019)	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Standard	Description	Effective Date
GRAP 35 (Revised – April 2019)	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 36 (Revised – April 2019)	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 37 (Revised – April 2019)	<p><u>Joint Arrangements</u></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 38 (Revised - April 2019)	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Standard	Description	Effective Date
GRAP 104 (Revised – April 2019)	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
IGRAP17	<p><u>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</u></p> <p>The Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Standard	Description	Effective Date
IGRAP 18	<p><u>Recognition and Derecognition of Land</u></p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2019
IGRAP 19	<p><u>Liabilities to Pay Levies</u></p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2019

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable where applicable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met.

The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.13. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.13.1. Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.3. Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days, limited to 48 days, due to employees at year-end and also on the total salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.13.4. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.13.5. Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 56 and 57 employees, is recognised as it accrues to Section 56 and 57 employees. Municipal performance bonus provisions are based on the performance contract stipulations as well as previous performance bonus payment trends.

1.13.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis.

Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.13.7. Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable; it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Municipal land and building qualify as property, plant and equipment when the property is registered at the Deeds Office in the name of the Municipality or any identifiable unknown registered property. Where a split for land and building valuation cost is not available on the valuation received, management assumed that the building is calculated at 80% and the land at 20% of the valuation value.

Biological assets of the Municipality qualify as property plant and equipment as it is for recreation purposes. The Municipality controls the asset as a result of past events. Biological assets are initially measured at their fair value less cost to sell. The fair value of game is determined based on market prices of game. Initial recognition will be adjusted in each year a tender is issued to control the game numbers. A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Land and Buildings

	<u>Years</u>
Land	Indefinite
Buildings	10-57

Infrastructure

	<u>Years</u>
Roads and Stormwater	12-81
Electricity Mains	12-51
Water Mains and Purification	10-81
Sewerage Mains & Purification	8-81
Refuse Mains	29-61

Community

	<u>Years</u>
Recreation Grounds	11-102
Civil Buildings	30-57
Cemetery	30-80

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Museum	30-57
Parks	30-52
Public Conveniences/Bathhouses	23-52
Libraries	30-57
Clinics and Hospitals	30-61
<u>Other</u>	<u>Years</u>
Motor Vehicles	5-25
Office equipment	4-31
Furniture and fittings	3-31
Refuse Truck	10-18
Plant and Equipment	3-34
Fire Engines	22-34
Computer Equipment	4-27

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.14.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criteria in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are

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reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets

Years

Computer Software

4-12

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.15.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.16.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	29-30

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.16.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

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1.17 HERITAGE ASSETS

1.17.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.17.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.17.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

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1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its

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recoverable service amount. That reduction is an impairment loss and is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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1.19. INVENTORIES

1.19.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilolitre of water by the volume of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to

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the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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1.20.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.20.2.4 Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20.3 **De-recognition of Financial Instruments**

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor

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retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.21 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.21.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.21.2 **Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;

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- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.21.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to

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the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes of spot fines. Revenue from spot fines is recognised when receipted.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently

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reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Revenue from Grant VAT income is recognised when expenditure occurred.

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 2 to 3 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is not material and thus not disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of some residential property a fixed monthly tariff is levied and in the case of other properties a tariff is levied based on the number of sewerage removals on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of management of the Municipality;
- (b) a member of management of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the management who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the accounting officer or permanent head of the Municipality, unless already included in (a).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Management personnel include:

- (a) All managers or council of the Municipality, being the Mayor and members of the Council.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements.

1.28.1 *Post-retirement medical obligations and long service awards*

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.28.3 *Property, Plant and Equipment*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.28.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.7 Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Fine Revenue constitutes of spot fines. Revenue from spot fines is recognised when receipted. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill sites are recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill sites. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.28.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date (limited to 48 days). This provision will be realised as employees take leave or when employment is terminated.

1.28.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to Council approval.

1.28.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.30. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.31. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.32. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
2	NET ASSET RESERVES		
	RESERVES		
	Capital Replacement Reserve	11 396 014	11 393 357
	Housing Development fund	11 347 812	11 347 812
		48 202	45 545
	Total Net Asset Reserves	11 396 014	11 393 357
2.1	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
2.2	The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.		
3	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 3.1	7 356 000	8 527 442
	Long Service Awards - Refer to Note 3.2	750 376	777 567
	Total Non-current Employee Benefit Liabilities	8 106 376	9 305 009
	<u>Post Retirement Benefits</u>		
	Balance 1 July		
	Contribution for the year	8 965 348	8 691 004
	Expenditure for the year	1 047 081	1 066 994
	Actuarial Loss/(Gain)	(371 597)	(380 164)
		(1 916 511)	(412 486)
	Total post retirement benefits 30 June	7 724 321	8 965 348
	Less: Transfer of Current Portion - Note 6	(368 321)	(437 906)
	Balance 30 June	7 356 000	8 527 442
	<u>Long Service Awards</u>		
	Balance 1 July		
	Contribution for the year	875 025	760 640
	Expenditure for the year	143 365	117 772
	Actuarial Loss/(Gain)	(114 433)	(80 144)
		29 812	76 757
	Total long service awards 30 June	933 769	875 025
	Less: Transfer of Current Portion - Note 6	(183 393)	(97 458)
	Balance 30 June	750 376	777 567
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July		
	Contribution for the year	9 840 373	9 451 644
	Expenditure for the year	1 190 446	1 184 766
	Actuarial Loss/(Gain)	(486 030)	(460 308)
		(1 886 699)	(335 729)
	Total employee benefits 30 June	8 658 090	9 840 373
	Less: Transfer of Current Portion - Note 6	(551 714)	(535 364)
	Balance 30 June	8 106 376	9 305 009
3.1	Post Retirement Benefits		
		2019 R	2018 R
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	10	9
	Continuation members (e.g. Retirees, widows, orphans)	9	9
	Total Members	19	18
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employee) members	3 230 460	3 839 598
	Continuation (retiree and widow) members	4 493 861	5 125 750
	Total Liability	7 724 321	8 965 348

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3

EMPLOYEE BENEFITS (CONTINUE)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	4 175 686	5 413 393	4 570 000
Continuation members	4 515 318	3 113 069	3 202 000
Total Liability	8 691 004	8 526 462	7 772 000

Experience adjustments were calculated as follows:

	2019 Rm	2018 Rm
Liabilities: (Gain) / loss		
Assets: Gain / (loss)	(1.047)	0.173
	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	0.153	0.332	0.287
	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Hosmed
LA Health

The Municipality's Accrued Unfunded Liability at 30 June 2019 is estimated at R7 724 321. The Current-service Cost for the year ending 30 June 2019 is estimated at R223 621. It is estimated to be R116 352 for the ensuing year.

Key actuarial assumptions used:

	2019 %	2018 %
i) Rate of Interest		
Discount rate		
Health Care Cost Inflation Rate	9.44%	9.41%
Net Effective Discount Rate	6.85%	7.28%
	2.42%	1.99%

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 9.44% per annum has been used. The corresponding index-linked yield at this term is 3.41%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 24 June 2019.

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

iv) Average retirement age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early, ill-health and early retirement.

v) Expected rate of salary increases

2019/2020 - CPI + 1.5%
2020/2021 - CPI + 1.25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	7 724 321	8 965 348
Total Liability	7 724 321	8 965 348

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	8 965 348	8 691 004
Total expenses	675 484	686 830
Current service cost	223 621	295 288
Interest Cost	823 460	771 706
Benefits Paid	(371 597)	(380 164)
Actuarial (gains)/losses	(1 916 511)	(412 486)
Present value of fund obligation at the end of the year	7 724 321	8 965 348
Less: Transfer of Current Portion - Note 6	(368 321)	(437 906)
Balance 30 June	7 356 000	8 527 442

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		3.230	4.494	7.724	
Health care inflation	1%	3.692	5.007	8.699	13%
Health care inflation	-1%	2.847	4.061	6.908	-11%
Discount Rate	1%	2.859	4.074	6.932	-10%
Discount Rate	-1%	3.685	4.999	8.684	12%
Post-retirement mortality	-1 year	3.329	4.647	7.976	3%
Average retirement age	-1 year	3.383	4.494	7.877	2%
Continuation of membership at retirement	-10%	2.800	4.494	7.294	-6%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2020

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		116 400	712 200	828 600	
Health care inflation	1%	138 600	804 100	942 700	14%
Health care inflation	-1%	98 600	635 200	733 800	-11%
Discount Rate	1%	100 000	705 000	805 000	-3%
Discount Rate	-1%	137 000	717 700	854 700	3%
Post-retirement mortality	-1 year	119 800	735 900	855 700	3%
Average retirement age	-1 year	80 400	726 600	807 000	-3%
Continuation of membership at retirement	-10%	100 800	671 500	772 300	-7%

3.2

Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 63 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2019 is R 73 424. The Current-service Cost for the ensuing year has been estimated to be R 80 410.

Key actuarial assumptions used:

i) Rate of Interest

	2019 %	2018 %
Discount rate	7.97%	8.45%
General Salary Inflation (long-term)	5.45%	6.12%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.39%	2.20%

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 7.97% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 7.97% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.89%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 24 June 2019.

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss		
Assets: Gain / (loss)	97 386	88 534

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	(89 998)	(67 443)	(27 192)

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	933 769	875 025
Net liability/(asset)	933 769	875 025

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	875 025	760 640
Total expenses	28 932	37 628
Current service cost	73 424	58 809
Interest Cost	69 941	58 963
Benefits Paid	(114 433)	(80 144)
Actuarial losses/(gains)	29 812	76 757
Present value of fund obligation at the end of the year	933 769	875 025
Less: Transfer of Current Portion - Note 6	(183 393)	(97 458)
Balance 30 June	750 376	777 567

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		0.934	
General salary inflation	1%	0.976	5%
General salary inflation	-1%	0.895	-4%
Discount Rate	1%	0.891	-5%
Discount Rate	-1%	0.981	5%
Average retirement age	-2 yrs	0.895	-4%
Average retirement age	2 yrs	1.144	22%
Withdrawal rates	-50%	1.022	9%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2020

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		80 400	67 300	147 700	
General salary inflation	1%	86 400	70 600	157 000	6%
General salary inflation	-1%	75 100	64 100	139 200	-6%
Discount Rate	1%	75 600	71 900	147 500	0%
Discount Rate	-1%	85 900	62 100	148 000	0%
Average retirement age	-2 yrs	77 100	64 900	142 000	-4%
Average retirement age	2 yrs	94 900	84 000	178 900	21%
Withdrawal rates	-50%	94 900	74 300	169 200	15%

3.3

Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Consolidated retirement fund for local government is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9% by members and 18% by Council. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181,000 (30 June 2017 : R1,859,077,000), with a net accumulated surplus of R63,423,000 (2017 : R46,989,000), with a funding level of 103.7% (30 June 2017 : 102.6%).

CAPE JOINT PENSION FUND (LA RETIREMENT FUND)

The contribution rate payable is 9% by members and 18% by Council. The actuarial valuation report at 30 June 2018 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R2,018,237,000 (30 June 2017 : R1,911,937,000), net investment reserve of R0 (30 June 2017 : R0) and with a funding level of 100% (2017 : 100%).

Contributions paid recognised in the Statement of Financial Performance

2019 R	2018 R
1 695 158	1 508 756

4

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

Total Non-current Provisions

26 405 251	24 438 036
26 405 251	24 438 036

Landfill Sites

Balance 1 July

Increase in Estimate

Unwinding of discounted interest

24 438 036	23 401 408
464 276	414 580
1 502 939	1 451 208

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions

26 405 251	24 438 036
------------	------------

Balance 30 June

26 405 251	24 438 036
------------	------------

Location

Estimated decommission date

Cost of rehabilitation	Cost of rehabilitation
2019 R	2018 R
15 215 055	13 840 069
5 787 823	5 453 358
5 402 373	5 144 609
26 405 251	24 438 036

Carnarvon

Vanwyksvlei

Vosburg

2036

2084

2029

2017 %

2018 %

2019 %

Discount Rate used

6.21%

5.56%

5.21%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5	CONSUMER DEPOSITS	2019	2018
		R	R
	Water & Electricity	327 904	325 569
	Total Consumer Deposits	327 904	325 569

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 3	368 321	437 906
	Current Portion of Long-Service Provisions - Note 3	183 393	97 458
	Provision for Performance Bonuses	424 122	271 172
	Provision for Annual Bonuses	284 211	283 650
	Provision for Staff Leave	1 398 123	1 203 402
	Total Current Employee Benefits	2 658 170	2 293 589

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	437 906	368 281
Transfer from non-current	302 012	449 789
Expenditure incurred	(371 597)	(380 164)
Balance at end of year	368 321	437 906

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	97 458	69 793
Transfer from non-current	200 368	107 809
Expenditure incurred	(114 433)	(80 144)
Balance at end of year	183 393	97 458

Provision for Performance Bonuses

Balance at beginning of year	271 172	204 272
Contribution to current portion	419 700	253 107
Expenditure incurred	(266 750)	(186 207)
Balance at end of year	424 122	271 172

Performance bonuses are being paid to Municipal Manager and Managers after an evaluation of performance was approved by the council. There is no possibility of reimbursement.

Provision for Staff Leave

Balance at beginning of year	1 203 402	1 004 515
Contribution to current portion	412 127	495 252
Expenditure incurred	(217 407)	(296 364)
Balance at end of year	1 398 123	1 203 402

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave up to 48 days, at reporting date. This provision will be realised as employees take leave.

Provision for Annual Bonuses

Balance at beginning of year	283 650	222 815
Contribution to current portion	561	60 835
Balance at end of year	284 211	283 650

Annual bonuses are being paid to Municipal personnel after one full year's service. There is no possibility of reimbursement.

7	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2019	2018
		R	R
	Trade Payables	1 812 753	1 547 241
	Payments received in advance	145 249	124 474
	Other Payables	-	-
	Total Trade Payables	1 958 002	1 671 714

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary. Payables are being recognised net of any discounts.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8	UNSPENT TRANSFERS AND SUBSIDIES	2019	2018
		R	R
	Unspent Grants		
	National and Provincial Government Grants	14 304 758	18 338 507
	Total Conditional Grants and Receipts	14 304 758	18 338 507

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

9	TAXES	2019	2018
		R	R
	VAT Payable	-	-
	Less: Contribution to provision for impairment of trade receivables from exchange transactions	-	-
		-	-

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

KAREBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10 PROPERTY, PLANT AND EQUIPMENT

10.1 30 JUNE 2019

Reconciliation of Carrying Value

Reconciliation of Carrying Value												
	Cost			Accumulated Impairments			Accumulated Depreciation			Carrying Value		
	Opening Balance R	Additions R	Disposals/Revaluation/ Transfers R	Closing Balance R	Opening Balance R	Additions/ Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R	R
Land and Buildings	24 788 148	-	-	24 788 148	405	-	405	556 562	85 826	-	622 378	24 165 365
Land	22 218 460	-	-	22 218 460	-	-	-	-	-	-	-	22 218 460
Buildings	2 569 688	-	-	2 569 688	405	-	405	556 552	65 826	-	622 378	1 946 905
Infrastructure	110 768 275	27 896 239	(145 788)	138 518 726	-	-	-	17 709 304	3 247 273	(145 788)	20 810 789	117 707 938
Electricity	5 220 314	678 678	870 638	6 769 629	-	-	-	942 412	174 345	-	1 116 758	5 652 871
Road Transport	50 540 889	3 240 887	11 746	53 793 521	-	-	-	8 887 923	1 588 490	-	10 411 789	43 381 732
Sanitation	22 518 245	1 326 908	-	23 845 153	-	-	-	3 976 726	681 147	-	4 657 872	19 187 280
Solid Waste Disposal	488 000	-	-	488 000	-	-	-	103 361	13 870	-	117 231	370 769
Stormwater	8 538 234	749 518	16 225	9 303 976	-	-	-	584 157	169 127	-	753 284	8 550 692
Water Supply	13 625 095	19 287 569	860 654	33 773 318	-	-	-	3 214 726	620 293	(81 165)	3 753 854	30 019 465
WIP	9 837 500	2 612 680	(1 905 051)	10 545 129	-	-	-	-	-	-	-	10 545 129
Community Assets	13 362 604	196 950	-	13 559 554	11 383	50 000	61 383	1 486 784	419 120	-	1 905 904	11 592 267
Recreation Grounds	10 119 940	-	-	10 119 940	10 248	50 000	60 248	1 014 236	346 634	-	1 360 870	8 698 822
Civil Buildings	122 360	-	-	122 360	-	-	-	23 908	2 191	-	26 099	96 261
Cemetery	1 446 823	-	-	1 446 823	-	-	-	166 145	31 442	-	197 587	1 249 236
Museum	360 000	-	-	360 000	-	-	-	70 288	6 438	-	76 707	283 293
Clinic	360 800	-	-	360 800	-	-	-	66 524	6 006	-	72 530	288 270
Libraries	838 670	196 950	-	1 035 620	-	-	-	117 916	23 910	-	141 826	893 794
Parks & Gardens	29 279	-	-	29 279	-	-	-	6 327	574	-	6 901	22 379
Public Conveniences/Bathhouses	84 731	-	-	84 731	1 135	-	1 135	21 459	1 925	-	23 385	60 211
WIP	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	7 234 195	689 759	(329 231)	7 594 722	1 339	(1 339)	-	4 776 598	607 975	(285 281)	5 099 292	2 495 430
Motor Vehicles	3 196 388	-	(130 089)	3 066 300	-	-	-	2 337 442	183 401	(130 089)	2 330 754	675 545
Plant & Equipment	1 610 124	13 134	(3 021)	1 620 237	-	-	-	965 721	157 060	(3 021)	1 119 760	500 476
Office Equipment	507 889	217 059	(24 243)	700 705	-	-	-	315 767	72 622	(24 243)	364 146	336 559
Furniture & Fittings	805 427	-	(46 224)	759 203	-	-	-	519 910	63 680	(46 224)	537 367	221 836
Fire Engines	2 648	-	-	2 648	-	-	-	2 135	85	-	2 221	428
Computer Equipment	612 840	446 544	(81 704)	977 680	-	-	-	273 810	123 674	(81 704)	315 780	661 900
Refuse Tankers	392 736	-	-	392 736	-	-	-	361 812	7 452	-	369 264	23 472
Game	106 143	13 022	(43 951)	75 214	1 339	(1 339)	-	-	-	-	-	75 214
	156 153 222	28 782 947	(475 019)	184 461 150	13 126	48 661	61 788	24 529 238	4 340 193	(431 068)	28 438 362	155 961 000

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10 PROPERTY, PLANT AND EQUIPMENT

10.2 30 JUNE 2018

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost			Accumulated Impairments			Accumulated Depreciation			Carrying Value		
	Opening Balance R	Additions R	Disposals/Revaluation/ Transfers R	Closing Balance R	Opening Balance R	Additions/ Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R		Disposals R	Closing Balance R
Land and Buildings	24 788 148	-	-	24 788 148	405	-	405	490 727	-	-	556 552	24 231 191
Land	22 218 460	-	-	22 218 460	-	-	-	-	-	-	-	22 218 460
Buildings	2 569 688	-	-	2 569 688	405	-	405	490 727	-	-	556 552	2 012 731
Infrastructure	96 444 382	14 323 894	-	110 768 275	-	-	-	15 111 013	2 598 291	-	17 709 304	93 058 972
Electricity	5 199 366	13 621	7 327	5 220 314	-	-	-	810 327	132 096	-	942 412	4 277 901
Road Transport	48 171 512	2 369 377	-	50 540 889	-	-	-	7 426 220	1 461 703	-	8 887 923	41 652 966
Sanitation	16 385 176	3 987 957	2 145 112	22 518 245	-	-	-	3 511 009	465 717	-	3 976 726	18 541 519
Solid Waste Disposal	488 000	-	-	488 000	-	-	-	89 491	13 870	-	103 361	384 639
Stormwater	7 034 333	1 503 901	-	8 538 234	-	-	-	447 255	136 902	-	7 954 077	7 954 077
Water Supply	9 833 186	3 791 909	-	13 625 095	-	-	-	2 826 713	388 013	-	3 214 726	10 410 369
WIP	9 332 810	2 657 129	(2 152 439)	9 837 500	-	-	-	-	-	-	-	9 837 500
Balance previously reported	9 332 810	2 676 229	(2 152 439)	9 856 600	-	-	-	-	-	-	-	9 856 600
Correction of Error - Note 36.01	-	(19 101)	-	(19 101)	-	-	-	-	-	-	-	(19 101)
Community Assets	13 081 426	281 178	-	13 362 604	11 383	-	11 383	1 097 048	389 736	-	1 486 784	11 864 437
Recreation Grounds	10 119 940	-	-	10 119 940	10 248	-	10 248	667 603	346 634	-	1 014 236	9 095 456
Civil Buildings	122 360	-	-	122 360	-	-	-	21 718	2 191	-	23 908	98 452
Cemetery	453 000	46 508	947 315	1 446 823	-	-	-	151 000	15 145	-	166 145	1 280 678
Museum	360 000	-	-	360 000	-	-	-	63 830	6 438	-	70 268	289 732
Clinic	360 800	-	-	360 800	-	-	-	60 518	6 006	-	66 524	294 276
Libraries	604 000	234 670	-	838 670	-	-	-	107 092	10 824	-	117 916	720 754
Parks & Gardens	29 279	-	-	29 279	-	-	-	5 753	574	-	6 327	22 953
Public Conveniences/Bathhouses	84 731	-	-	84 731	1 135	-	1 135	19 534	1 925	-	21 459	62 137
WIP	947 315	-	(947 315)	-	-	-	-	-	-	-	-	-
Other Assets	6 703 497	615 588	(84 891)	7 234 195	10 342	-9 003	1 339	4 465 471	314 311	3 184	4 776 598	2 456 258
Motor Vehicles	2 846 388	350 000	-	3 196 388	-	-	-	2 206 926	130 516	-	2 337 442	858 946
Plant & Equipment	1 509 929	103 379	(3 184)	1 610 124	-	-	-	881 443	87 463	-	965 721	644 402
Office Equipment	451 564	56 325	-	507 889	-	-	-	296 442	19 325	3 184	315 767	192 122
Furniture & Fittings	801 862	3 565	-	805 427	-	-	-	493 754	26 156	-	519 910	285 516
Fire Engines	2 648	-	-	2 648	-	-	-	2 083	53	-	2 135	513
Computer Equipment	520 014	92 826	-	612 840	-	-	-	233 318	40 491	-	273 810	339 030
Refuse Tankers	392 736	-	-	392 736	-	-	-	351 504	10 308	-	361 812	30 924
Game	178 356	9 494	(81 707)	106 143	10 342	(9 003)	1 339	-	-	-	-	104 804
	141 017 453	15 220 660	(84 891)	156 153 222	22 129	(9 003)	13 126	21 164 259	3 368 163	3 184	24 529 238	131 610 858

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2019 R	2018 R
10.03	Property, Plant and Equipment which is in the process of being constructed or developed:		
	Infrastructure Assets	10 545 129	9 837 500
	Roads	2 041 063	124 746
	Electricity	325 449	870 638
	Water Supply	8 178 617	8 842 116
	Sanitation	-	-
	Community Assets	-	-
	Total	10 545 129	9 837 500
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	9 837 500	10 280 125
	Expenditure during the year	28 093 159	14 624 172
	Assets unbundled during the year	(27 385 559)	(15 066 797)
	Impairment recognised during the year	-	-
	Balance at end of year	10 545 099	9 837 500
10.04	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
	Infrastructure Assets	8 178 617	7 932 449
	Water Supply	8 178 617	7 932 449
	Community Assets	-	-
	Total	8 178 617	7 932 449
	No funding was allocated for 2016/2017 in the MIG (Municipal Infrastructure Grant) for the completion of the cemeteries project. Tender awarding problems in 2017/2018 for the completion of the Bulk Water Supply: Vanwyksvlei/Carnarvon.		
10.05	Property, Plant and Equipment where construction or development has been halted:		
	Infrastructure Assets	8 178 617	7 932 449
	Water Supply	8 178 617	7 932 449
	Total	8 178 617	7 932 449
	Tender awarding problems in 2017/2018 for the completion of the Bulk Water Supply: Vanwyksvlei/Carnarvon.		
10.06	Expenditure Incurred to repair and maintain Property, Plant and Equipment:		
	Other materials	871 339	1 065 984
	Contracted Services	70 993	3 281 355
	Total Repairs and Maintenance	942 331	4 347 339
10.07	Assets pledged as security:		
	No assets are pledged as security.		
10.08	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	-	35 263
	Carrying value of assets written off/lost	-	(9 537)
	Surplus/Deficit	-	25 726
10.09	Impairment losses of Property, Plant and Equipment		
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
	Community Assets	50 000	-
	Total	50 000	-
10.10	Reversal of Impairment losses of Property, Plant and Equipment		
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
	Other	(1 339)	(9 003)
	Total	(1 339)	(9 003)
10.11	Effect of changes in accounting estimates		
	The effect of a change in accounting estimate will have on the current period and subsequent periods:		
		2019 R	2020 R
	Effect on Property, plant and equipment	(974 672)	(937 219)
10.12	Details of Valuation		
	The effective date of the valuations was 1 July 2018. Valuations were performed by an independent valuer, HCB Valuers. The valuer are not connected to the municipality. Land and Buildings are revalued independently every 5 years.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2019 R	2018 R
10.13	Contractual commitments for acquisition of Property, Plant and Equipment:		
	Approved and contracted for:		
	Infrastructure Community	5 598 435	12 050 111
	Total	5 598 435	12 050 111
	This expenditure will be financed from:		
	Government Grants	5 598 435	12 050 111
	Total	5 598 435	12 050 111
11	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	15 425 146	15 438 087
	Cost	15 562 100	15 562 100
	Accumulated Depreciation	(136 954)	(124 013)
	Depreciation for the year	(12 941)	(12 941)
	Net Carrying amount at 30 June	15 412 204	15 425 146
	Cost	15 562 100	15 562 100
	Accumulated Depreciation	(149 896)	(136 954)
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs and maintenance or enhancements.		
	Estimated Fair Value of Investment Property at 30 June	20 114 700	20 114 700
	Fair value was determined by valuation roll.		
11.01	Revenue from Investment Property		
	Revenue derived from the rental of Investment Property	261 590	241 444
11.02	Operating Expenditure incurred on properties:		
	Revenue Generating		
	Improved Property Unimproved Property	219	3 888
	Non-revenue Generating	219	3 888
	Improved Property Unimproved Property	-	-
	Improved Property Unimproved Property	-	-
	Total Operating Expenditure	219	3 888
11.03	Investment Property which is in the process of being constructed or developed:	2019 R	2018 R
	Revenue Generating		
	Improved Property Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property Unimproved Property	-	-
	Total	-	-
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	Balance at end of year	-	-
11.04	Investment Property that is taking a significantly longer period of time to complete than expected:		
	Revenue Generating		
	Improved Property Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property Unimproved Property	-	-
	Total	-	-
	No reason required		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11	INVESTMENT PROPERTY (CONTINUED)	2019 R	2018 R
11.05	Investment Property where construction or development has been halted:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total	-	-
	No reason required	-	-
12	INTANGIBLE ASSETS	2019 R	2018 R
	Computer Software		
	Net Carrying amount at 1 July	14 136	2 813
	Cost	25 714	12 342
	Balance previously reported		668 446
	Correction of Error - Note 36.02		(656 104)
	Accumulated Amortisation	(11 577)	(9 529)
	Balance previously reported		(24 564)
	Correction of Error - Note 36.02		15 034
	Acquisitions	16 602	13 372
	Balance previously reported		892 943
	Correction of Error - Note 36.02		(879 572)
	Disposals	(4)	-
	Impairments	-	-
	Amortisation	(4 108)	(2 048)
	Balance previously reported		(2 090)
	Correction of Error - Note 36.02		42
	Disposal Amortisation	4	-
	Net Carrying amount at 30 June	26 631	14 136
	Cost	42 312	25 714
	Accumulated Amortisation	(15 681)	(11 577)
12.01	Material Intangible Assets Included in the carrying value:		
	<u>Description</u>	<u>Remaining Amortisation</u> <u>Period</u>	<u>Carrying Value</u>
	MS Office & Kaspersky	3-5	
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
12.02	Research and Development Costs:	2019 R	2018 R
	Research Expenditure	-	-
	Development Expenditure	-	-
	Total Research and Development Expenditure	-	-
12.03	Intangible Assets which is in the process of being constructed or developed:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	Total	-	-
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	Balance at end of year	-	-
12.04	Intangible Assets that is taking a significantly longer period of time to complete than expected:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	Total	-	-
	No reason required	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

12	INTANGIBLE ASSETS (CONTINUED)	2019	2018
		R	R
12.05	Intangible Assets where construction or development has been halted:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	Total	<u>-</u>	<u>-</u>
	No reason required		
13	HERITAGE ASSETS	2019	2018
		R	R
	Net Carrying amount at 1 July	14 900	14 900
	Transfers to Property, Plant and equipment	-	-
	Net Carrying amount at 30 June	<u>-</u>	<u>-</u>
	Cost	14 900	14 900
		<u>14 900</u>	<u>14 900</u>
	There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
	There are no Heritage Assets pledged as security for liabilities		
	There are no Heritage Assets that are used by the municipality for more than one purpose.		
13.01	Third party payments received for losses and impairments incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost/impairment	-	-
	Surplus/Deficit	<u>-</u>	<u>-</u>
13.02	Expenditure incurred to repair and maintain Heritage Assets:		
	Employee related costs	-	-
	Other materials	-	-
	Contracted Services	-	-
	Other Expenditure	-	-
	Total Repairs and Maintenance	<u>-</u>	<u>-</u>
13.03	Heritage Assets which is in the process of being constructed or developed:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total	<u>-</u>	<u>-</u>
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	Balance at end of year	<u>-</u>	<u>-</u>
13.04	Heritage Assets that is taking a significantly longer period of time to complete than expected:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total	<u>-</u>	<u>-</u>
	No reason required		
13.05	Heritage Assets where construction or development has been halted:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total	<u>-</u>	<u>-</u>
	No reason required		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14	CAPITALISED RESTORATION COST	2019 R	2018 R
	Net Carrying amount at 1 July	1 708 738	2 235 711
	Cost	4 624 522	5 039 101
	Accumulated Depreciation	(2 614 893)	(2 519 560)
	Accumulated Impairments	(300 891)	(283 829)
	Acquisitions	464 276	(414 580)
	Depreciation for the year	(73 086)	(95 332)
	Impairment	(2 936)	(17 062)
	Net Carrying amount at 30 June	2 096 992	1 708 738
	Cost	5 088 797	4 624 522
	Accumulated Depreciation	(2 687 979)	(2 614 893)
	Accumulated Impairments	(303 827)	(300 891)
	Restoration cost financed by way of a provision - Refer to note 4 for further details		
15	LONG TERM RECEIVABLES	2019 R	2018 R
	Officials' Housing Loans - At amortised cost	23 516	28 289
	Less: Unamortised Discount on Loans	(2 598)	(3 731)
	Balance 1 July	(3 731)	(5 005)
	Adjustment for the period	1 133	1 274
		20 918	24 558
	Less: Current portion transferred to current receivables	(4 967)	(4 773)
	Officials Housing Loans - At amortised cost	(4 967)	(4 773)
	Less: Provision for Impairment of Long Term Receivables	15 951	19 785
	Total Long Term Receivables	15 951	19 785
	STAFF HOUSING LOANS		
	Staff was entitled to housing loans which attract interest at 4% per annum and which are repayable over a maximum period of 20 years. When a employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder.		
16	INVENTORY	2019 R	2018 R
	Consumable Stores - Stationery and materials - At cost	546 936	546 936
	Balance previously reported		527 836
	Correction of Error - Note 36.03		19 101
	Total Inventory	546 936	546 936
	Consumable stores materials written down due to losses as identified during the annual stores counts.		-
	Consumable stores materials surpluses identified during the annual stores counts.		-
	No inventory assets were pledged as security for liabilities.		-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

17

RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R
Service Receivables		
Water		
Electricity	1 827 617	1 164 952
Refuse	1 637 448	1 276 760
Sewerage	1 465 731	910 387
Payments received in advance	1 266 448	115 190
	145 249	124 474
Total Service Receivables	6 342 493	3 591 762
Less: Provision for Impairment	(4 560 307)	(2 105 435)
Net Service Receivables	1 782 187	1 486 327
Other Receivables		
Sundry Receivables		
Rentals	1 008 494	1 707 365
VAT	670 440	493 967
	1 180 493	684 504
Total Other Receivables	2 857 427	2 885 836
Less: Provision for Impairment	(670 440)	(493 967)
Less: Contribution to provision for VAT impairment of trade receivables from exchange transactions	(923 317)	(492 966)
Net Other Receivables	1 263 671	1 898 903
Total Net Receivables from Exchange Transactions	3 045 857	3 385 230
Ageing of Receivables from Exchange Transactions		
(Electricity): Ageing		
Current (0 - 30 days)		
31 - 60 Days	509 280	516 594
61 - 90 Days	320 491	122 074
+ 90 Days	102 431	73 171
Total	705 247	564 920
(Water): Ageing		
Current (0 - 30 days)		
31 - 60 Days	125 146	43 693
61 - 90 Days	411 690	146 052
+ 90 Days	135 759	94 477
Total	1 155 021	880 730
(Refuse): Ageing		
Current (0 - 30 days)		
31 - 60 Days	1 277	70 845
61 - 90 Days	278 137	133 185
+ 90 Days	100 954	84 011
Total	1 085 363	622 345
(Sewerage): Ageing		
Current (0 - 30 days)		
31 - 60 Days	32 146	(340 948)
61 - 90 Days	381 420	76 713
+ 90 Days	121 639	57 907
Total	731 243	321 519
(Sundry Receivables): Ageing		
Current (0 - 30 days)		
31 - 60 Days	824 642	1 083 264
61 - 90 Days	69 987	545 425
+ 90 Days	1 936	4 823
Total	109 929	73 853
(VAT): Ageing		
Current (0 - 30 days)		
31 - 60 Days	257 176	191 538
61 - 90 Days	-	-
+ 90 Days	-	-
Total	923 317	492 966
(Rentals): Ageing		
Current (0 - 30 days)		
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
Total	670 440	493 967

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

18

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Service Receivables

Availability Charges

Rates

Total Service Receivables

Less: Provision for Impairment

Net Service Receivables

Total Net Receivables from Non-Exchange Transactions

Ageing of Receivables from Non-Exchange Transactions

(Availability Charges): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

(Rates): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

Summary of Receivables by Customer Classification

2019

Total Receivables

Less: Provision for Impairment

Less: Provision for Impairment (VAT)

Total Recoverable debtors by customer classification

Summary of Receivables by Customer Classification

2018

Total Receivables

Less: Provision for Impairment

Less: Provision for Impairment (VAT)

Total Recoverable debtors by customer classification

Receivables Impaired

2019

Total

2018

Total

Monthly rate debts are required to be settled after 30 days, interest is charged on rates after this date at prime +1%.
The fair value receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year

Contributions to provision

Impairment written off against provision

Balance at end of year

2019
R

2018
R

314 671

3 008 522

3 323 193

(3 269 974)

53 219

53 219

18 175

24 276

10 897

261 322

314 671

18 244

-

-

2 990 279

3 008 522

-

1 943 535

1 943 535

(1 943 535)

-

-

-

-

-

-

-

16 049

23 375

14 065

1 890 046

1 943 535

Residential,
Industrial &
Commercial
R's

Other Debtors
R's

National and
Provincial
Government
R's

Total
R's

10 686 899

(8 500 721)

(923 317)

1 262 861

194 843

-

-

194 843

1 641 372

-

-

1 641 372

12 523 113

(8 500 721)

(923 317)

3 099 076

Residential,
Industrial &
Commercial
R's

Other Debtors
R's

National and
Provincial
Government
R's

Total
R's

6 045 286

(4 542 937)

(492 966)

1 009 383

215 296

-

-

215 296

2 160 551

-

-

2 160 551

8 421 133

(4 542 937)

(492 966)

3 385 230

Exchange
Transactions
R's

Non-Exchange
Transactions
R's

Total
R's

5 230 747

3 269 974

8 500 721

Exchange
Transactions
R's

Non-Exchange
Transactions
R's

Total
R's

2 599 402

1 943 535

4 542 937

2019
R

2018
R

4 542 937

3 957 784

-

8 500 721

4 271 163

271 774

-

4 542 937

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

19

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

Balance on 1 July

Operating Lease Asset for the current year

Balance on 30 June

2019
R

2018
R

37 909
(4 039)

36 810
1 099

33 870

37 909

The municipality is leasing a piece of land to MTN for a period of 60 months with escalations of CPI with a maximum of 10% per year.

The municipality is leasing a piece of land at Vanwyksvlei to Vodacom for a period of 119 months with escalations of CPI with a maximum of 10% per year.

The municipality is leasing a piece of land at Vosburg to Vodacom for a period of 60 months with escalations of CPI with a maximum of 10% per year. Not yet renewed.

The municipality is leasing a piece of land at Vosburg to Sentech for a period of 60 months with escalations of CPI with a maximum of 10% per year.

The municipality is leasing a piece of land (Jagpan and Dubbelevlei) to emerging farmers for a period of 60 months with escalations of 6% per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year

2 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

2019
R

2018
R

262 664
210 038
85

298 701
472 663
124

472 787

771 488

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The lease is in respect of land being leased by MTN until 2022.

The lease is in respect of land being leased by Vodacom until 2022.

The lease is in respect of land being leased by Vodacom until 2017.

The lease is in respect of land being leased by Sentech until 2022.

The lease is in respect of land (Jagpan and Dubbelevlei) being leased by emerging farmers until 2021.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year

20

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits

Primary Bank Account (Cash book)

Total Cash and Cash Equivalents - Assets

2019
R

2018
R

42 170 213
257 876

42 765 463
483 234

42 428 089

43 248 697

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R14 304 758 are held to fund the Unspent Conditional Grants (2018: R18 338 507).

Kareeberg Municipality do not have a bank overdraft facility.

The municipality has the following bank accounts:

Current Accounts

Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):

2019
R

2018
R

257 876

483 234

257 876

483 234

Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):

Cash book balance at beginning of year

Cash book balance at end of year

483 234
257 876

475 339
483 234

Bank statement balance at beginning of year

Bank statement balance at end of year

1 589 711
1 006 823

960 494
1 589 711

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

20

CASH AND CASH EQUIVALENTS (CONTINUED)

			2019 R	2019 R	2018 R
Call Investment Deposits					
Call investment deposits consist out of the following accounts:			Bank Certificates (excl. accruals)		
Account no.	Place of investment	Name of fund			
08-870-5536-003	STANDARD BANK	Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
20-7477-9380	ABSA	Housing Fund	48 202	48 202	45 545
20-7477-9380	ABSA	Job creation - De Bult	48 769	48 769	46 081
20-7477-9380	ABSA	Land development	20 940	20 940	19 786
20-7477-9380	ABSA	Land development (Vanwyksvlei)	19 103	19 103	18 051
20-7477-9380	ABSA	Land development (Vosburg)	36 521	36 521	34 508
08-870-543-9	STANDARD BANK	Civil Defence	20 944	20 944	20 944
03-7881-142-979-0	Nedbank	RBIG - Vanwyksvlei Pipeline	13 537 276	13 537 276	12 971 167
03-7881-142-979-6	Nedbank	DWA Drought Relief	-	-	4 626 000
20-7477-9380	ABSA	CMIP Kwaggakolk(VAT)	765	765	725
08-870-5536-002	STANDARD BANK	Sanitation interest/VAT	184 441	184 441	184 441
20-7477-9380	ABSA	Electricity	43 933	43 933	41 513
20-7477-9380	ABSA	Water Services Plan	4 104	4 104	3 879
20-7477-9380	ABSA	CMIP-Saaiport project 301	4 505	4 505	4 258
20-7477-9380	ABSA	EPWP - Paving/ Cleaning	29 698	29 698	28 062
20-7477-9380	ABSA	Lotto Camarvon	2 278	2 278	2 153
20-7477-9380	ABSA	Lotto Vosburg	40 228	40 228	38 010
20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	169 618	170 593	160 872
20-7477-9380	ABSA	VB Cleaning Project	32 126	32 126	30 344
92-1221-8064	ABSA	VAT - retention	14 899	14 899	14 080
92-1221-8064	ABSA	Youth Development	93 632	93 632	93 632
92-8504-7305	ABSA	Leave Fund	3 040 225	3 040 225	2 633 250
92-1221-8064	ABSA	Retention	1 812 753	1 812 753	1 547 241
92-1221-8064	ABSA	Provision for Employee benefits	2 000 000	2 000 000	2 000 000
08-871-0777	STANDARD BANK	General Account	3 429 514	3 429 514	6 853 109
03-7881-142-979-0	Nedbank	General Account	6 186 949	6 186 949	-
			42 169 239	42 170 213	42 765 463

21

PROPERTY RATES

Actual**Rateable Land and Buildings**

Residential, Commercial Property
 Residential, Commercial Property
 Less: Equitable Share
 State - National / Provincial Services

Less: Reductions**Less: Rebates****Less: Income for gone****Total Assessment Rates****Valuations - 30 June 2019:****Rateable Land and Buildings**

Residential & Commercial Property
 State - National / Provincial Services

Total Assessment Rates**Valuations - 30 June 2019:**

Residential

State

State: Agriculture

Agriculture

Municipal

Municipal: Agriculture

Industrial

Churches

Infrastructure

Public Benefit Organisations

SKA

SKA Farms

Commercial

Infrastructure farms

Sport clubs

Total Property Valuations**Valuation**

260 382 500

37 109 000

57 195 500

2 306 427 800

19 856 000

44 730 000

7 116 000

16 425 000

432 000

3 172 000

30 080 000

62 963 000

49 102 000

136 000

660 000

2 895 786 800

Assessment Rates are levied on the values of immovable properties. A general valuation was performed during 2017/18 for implementation 1 July 2018. The tariffs applicable are proclaimed by PK 2231 dated 17 December 2018.

Rates are levied annually and are payable after due dates. Interest is levied on monthly and annually outstanding amounts at prime rate plus 1% after due dates.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 22.01

Conditional Grants

Drought Relieve
Department of Water Affairs and Forestry (WSIG)
Department of Energy (DOE)
Sanitation - sewerage
Library Development Projects
Municipal Finance Management Grant
Municipal Infrastructure Grant
Expanded Public Works Program (PWPG)
Department of Water Affairs and Forestry (RBIG)
Open Africa

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

The municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share

Executive & Council

22.01 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 6kl free water and 50kwh electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of basic services for the geographical area concerned and range from R361 per month to R779 per month.(2018: R323 per month to R687 per month)

Grants received

Transfer In

Conditions met

Conditions still to be met

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

22.02 Municipal Infrastructure Grant (MIG)

Grants received

Conditions met

Conditions met - Capital

Conditions still to be met

The grant was used to upgrade infrastructure in the Kareeberg areas.

22.03 Local Government Financial Management Grant (FMG)

Grants received

Conditions met

Conditions still to be met

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

22.04 Library Development Projects

Grants received

Conditions met

Conditions met - Capital

Conditions still to be met

The grant was used for the development of libraries in the Kareeberg area.

	2019 R	2018 R
22 024 000	20 397 000	
22 024 000	20 397 000	
36 160 891	20 340 108	
4 626 000	-	
5 000 000	4 000 000	
1 000 000	1 000 000	
-	4 396	
1 112 000	1 312 000	
1 970 000	1 900 000	
7 972 000	9 095 000	
1 000 000	1 000 000	
13 480 891	2 028 712	
-	-	
58 184 891	40 737 108	
28 296 993	14 386 380	
29 887 898	26 350 728	
58 184 891	40 737 108	
22 024 000	20 397 000	
36 160 891	18 153 241	
58 184 891	38 550 241	

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2019 R	2018 R
22.05	Youth Development		
	Opening balance		
	Conditions still to be met	93 632	93 632
	The grant will be used for youth development related issues in the Kareeberg area.	93 632	93 632
22.06	Expanded Public Works Program (R1m)		
	Grants received	1 000 000	1 000 000
	Conditions met	(1 000 000)	(1 000 000)
	Conditions still to be met	(0)	-
	The grant was used for labour (for example security services) in the Kareeberg area.		
22.07	Job Creation De Bult		
	Opening balance		
	Interest received	46 081	43 568
	Conditions still to be met	2 688	2 514
	The grant will be used for job creation in the Kareeberg area. (Carnarvon)	48 769	46 081
22.08	Land Development		
	Opening balance		
	Interest received	72 345	68 400
	Conditions still to be met	4 220	3 944
	The grant will be used for a land development plan in the Kareeberg area.	76 565	72 345
22.09	Civil Defence		
	Opening balance		
	Interest received	20 944	20 665
	Conditions still to be met	-	279
	The grant will be used for civil defence in the Kareeberg area.	20 944	20 944
22.10	CMIP Kwaggakolk (VAT)		
	Opening balance		
	Interest received	725	686
	Conditions still to be met	40	39
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)	765	725
22.11	Sanitation - sewerage		
	Opening balance		
	Conditions met	184 441	847 207
	Conditions still to be met	-	(662 766)
	The grant will be used for a sanitation VAT/maintenance in the Kareeberg area.	184 441	184 441
22.12	Electricity Schietfontein		
	Opening balance		
	Interest received	41 513	39 249
	Conditions still to be met	2 420	2 264
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)	43 933	41 513
22.13	Water Service Plan		
	Opening balance		
	Interest received	3 879	3 667
	Conditions still to be met	225	212
	The grant will be used for a water service plan in the Kareeberg area.	4 104	3 879

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2019 R	2018 R
22.14	CMIP - Saalpoort project 301		
	Opening balance		
	Interest received	4 258	4 026
	Conditions still to be met	247	231
		<u>4 505</u>	<u>4 258</u>
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
22.15	Paving Projects		
	Opening balance		
	Interest received	28 062	26 532
	Conditions still to be met	1 636	1 531
		<u>29 698</u>	<u>28 062</u>
	The grant will be used for a extended public works program in the Kareeberg area.		
22.16	Lotto Carnarvon		
	Opening balance		
	Interest received	2 153	2 036
	Conditions still to be met	125	117
		<u>2 278</u>	<u>2 153</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
22.17	Lotto Vosburg		
	Opening balance		
	Interest received	38 010	35 937
	Conditions still to be met	2 218	2 073
		<u>40 228</u>	<u>38 010</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
22.18	Transfer Fees Sub-Economic		
	Opening balance		
	Interest received	160 872	151 512
	Conditions still to be met	9 721	9 360
		<u>170 593</u>	<u>160 872</u>
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
22.19	Cleaning Project Vosburg		
	Opening balance		
	Interest received	30 344	28 689
	Conditions still to be met	1 782	1 655
		<u>32 126</u>	<u>30 344</u>
	The grant will be used for a cleaning project in the Kareeberg area.		
22.20	VAT - Retention		
	Opening balance		
	Interest received	14 080	13 312
	Conditions still to be met	819	768
		<u>14 899</u>	<u>14 080</u>
	The grant will be used for maintenance in the Kareeberg area.		
22.21	Municipal Infrastructure Grant Additional		
	Opening balance		
	Conditions met	-	3 000 000
	Conditions met - Capital	-	(191 262)
	Conditions still to be met	-	(2 808 738)
		<u>-</u>	<u>-</u>
	The grant will be used to upgrade infrastructure in the Kareeberg areas.		
22.22	Electricity		
	Grants received		
	Conditions met	1 000 000	1 000 000
	Conditions met - Capital	(130 435)	(129 362)
	Conditions still to be met	(869 565)	(870 638)
		<u>-</u>	<u>-</u>
	The grant was used for electricity infrastructure development in the Kareeberg area.		
22.23	RBIG (Department of Water Affairs and Forestry)		
	Opening balance		
	Grants received	12 971 167	11 641 880
	Transfer out	14 047 000	15 000 000
	Conditions met	-	(11 642 000)
	Conditions met - Capital	(1 756 826)	(261 192)
	Conditions still to be met	(11 724 065)	(1 767 520)
		<u>13 537 276</u>	<u>12 971 167</u>
	The grant will be used for water infrastructure development in the Kareeberg area.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2019	2018
		R	R
22.24	DWA (Department of Water Affairs) Refurbishment		
	Grants received	5 000 000	4 000 000
	Conditions met	(652 174)	(429 234)
	Conditions met - Capital	(4 347 826)	(3 570 766)
	Conditions still to be met	-	-
	The grant will be used for water infrastructure development in the Kareeberg area.		
22.25	DWA (Department of Water Affairs) Drought Relief		
	Opening balance	4 626 000	-
	Grants received	-	4 626 000
	Conditions met	(603 391)	-
	Conditions met - Capital	(4 022 609)	-
	Conditions still to be met	-	4 626 000
	The grant will be used for drought relief (water infrastructure) in the Kareeberg area.		
22.26	Total Grants		
	Opening balance	18 338 507	16 020 997
	Interest received	26 142	24 988
	Grants received	54 125 000	43 688 000
	Conditions met	(29 887 898)	(27 009 099)
	Conditions met - Capital	(28 296 993)	(14 386 380)
	Conditions still to be met	14 304 758	18 338 507
23	AVAILABILITY CHARGES	2019	2018
		R	R
	Electricity	117 499	112 762
	Water	184 497	159 281
	Total Availability Charges	301 996	272 043
24	SERVICE CHARGES	2019	2018
		R	R
	Electricity	9 848 711	8 817 007
	Service Charges	10 150 077	9 204 464
	Less: Equitable Share	(301 366)	(387 458)
	Water	2 717 557	1 792 752
	Service Charges	5 115 800	4 487 274
	Less: Equitable Share	(2 398 243)	(2 694 522)
	Refuse removal	1 889 447	1 299 498
	Service Charges	4 045 766	3 926 973
	Less: Equitable Share	(2 156 319)	(2 627 475)
	Sewerage and Sanitation Charges	1 566 825	336 743
	Service Charges	4 183 569	3 125 942
	Less: Equitable Share	(2 616 744)	(2 789 199)
	Other Service Charges	-	-
	Total Service Charges	16 022 540	12 246 000
25	OTHER REVENUE		
	Application Specific Registrations	2 428	2 392
	Building Fees	70	200
	Photocopies	4 091	3 986
	Grave Fees	13 210	13 395
	Searching Fees	910	6 295
	Encroachment	744	744
	Cement block Sales	2 500	2 450
	Pond Fees	-	800
	Refuse Bags Sold	1 459	2 077
	Connection Fees	200	220
	Gain due to additions on Biological assets	13 022	9 494
	Valuation Certificates	420	480
	Electricity caravan park	96	756
	Total Other Income	39 149	43 289

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

26	FAIR VALUE ADJUSTMENTS	2019 R	2018 R
	Unamortised Discount - Interest - LT Receivables	1 133	1 274
		1 133	1 274
27	EMPLOYEE RELATED COSTS		
	Salaries & Wages	17 098 972	15 814 670
	Leave Reserve Fund	412 127	495 252
	Personnel Contributions	2 396 136	2 129 774
	Skill Development Levy	157 404	144 062
	Bargaining Council	7 087	6 394
	Pension Gratification	444	444
	UIF	115 246	112 359
	Performance Bonuses	419 700	253 107
	Annual Bonuses	561	60 835
	Contribution to Employee Benefits - Long Service Awards - Note 3	73 424	58 809
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	223 621	295 288
	Less: Employee Costs allocated elsewhere	20 904 722	19 370 993
	Total Employee Related Costs	20 904 722	19 370 993
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable to him at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager: Mr W. de Bruin (Till 30 November 2017)</i>		
	Salary and Performance Bonus	-	472 802
	UIF	-	744
	Bargaining Council	-	41
	Total	-	473 587
	<i>Remuneration of the Municipal Manager: Mr F. Manuel (Since 1 December 2017)</i>		
	Salary and Bonus, Performance Bonus	1 108 515	562 837
	Travel Allowance	207 000	105 695
	UIF	1 785	1 041
	Bargaining Council	105	58
	Cell phone (VAT Included)	48 000	28 000
	Total	1 365 405	697 631
	<i>Remuneration of the Chief Financial Offices: Mr W. de Bruin (Since 5 March 2018)</i>		
	Salary and Bonus, Performance Bonus	654 887	202 260
	Travel Allowance	72 000	20 000
	Rural	78 146	23 917
	UIF	1 785	595
	Bargaining Council	105	33
	Cell phone (VAT Included)	24 000	7 742
	Total	830 923	254 547
	<i>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk</i>		
	Salary and Bonus, Performance Bonus	989 176	969 752
	Travel Allowance	191 143	178 638
	Pension	145 950	134 173
	Medical	50 618	47 307
	UIF	1 785	1 785
	Bargaining Council	105	99
	Cell phone (VAT Included)	24 000	24 000
	Total	1 402 776	1 355 754
	<i>Remuneration of Head : Technical Services: : Mr. J.H. Adams (Since 1 October 2017 till 30 April 2018)</i>		
	Salary and Bonus, Performance Bonus	-	338 498
	Travel Allowance	-	70 000
	Rural	-	40 840
	UIF	-	1 041
	Bargaining Council	-	58
	Cell phone (VAT Included)	-	10 500
	Total	-	460 937
	<i>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</i>		
	Salary and Bonus, Performance Bonus	932 150	857 666
	Travel Allowance	191 143	178 638
	Pension	139 184	127 961
	Medical	43 956	41 854
	UIF	1 785	1 785
	Bargaining Council	105	99
	Cell phone (VAT Included)	18 000	18 000
	Total	1 326 323	1 226 002

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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REMUNERATION OF COUNCILLORS

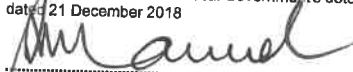
		2019 R	2018 R
Mayor	Mr N.S. van Wyk		
Councillor	Mr J.E.J. Hoorn	775 063	745 253
Councillor	Ms G. Saal	245 280	235 846
Councillor	Mr B.J.E. Slambbee	245 280	235 846
Councillor	Mr E. Hoorn	245 280	235 846
Councillor	Mr G.P. van Louw	245 280	235 846
Councillor	Mr W.D. Horne	245 280	235 846
Councillors' Cell phones		285 600	285 478
Total Councillors' Remuneration		2 532 343	2 445 807

In-kind Benefits

The Mayor is fulltime. He is provided with an office at the cost of the Council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with Government Notice 42134, dated 21 December 2018



Signed: Municipal Manager

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CONTRACTED SERVICES

Outsourced Services

Internal Auditors

Refuse Removal

Consultants and Professional Services

Business and Advisory

Accounting and Auditing

Business and Financial Management

Human Resources

Valuer and Assessors

Actuaries

Laboratory Services

Water

Legal Cost

Legal Advice and Litigation

Contractors

Bore Waterhole Drilling

Electrical

Maintenance of Equipment

Maintenance of Unspecified Assets

Prepaid Electricity Vendors

Total Contracted Services

502 887	543 060
499 415	444 624
3 472	98 436
4 754 607	2 840 936
3 470 811	2 808 191
495 746	534 741
2 360 990	1 057 772
588 525	645 539
12 050	557 252
13 500	12 887
64 484	20 245
64 484	20 245
1 219 313	12 500
1 219 313	12 500
442 597	776 931
14 250	9 240
240 000	198 151
15 908	21 440
71 133	484 384
101 307	63 717
5 700 091	4 160 927

30

DEBT IMPAIRMENT

Receivables from exchange transactions - Note 17

Receivables from non-exchange transactions - Note 18

Debt impairment recognised in statement of financial performance

2 631 345	115 362
1 326 439	156 412
3 957 784	271 774

31

DEPRECIATION AND AMORTISATION

Property, plant and equipment

Intangible assets

Investment property carried at cost

Capitalised Restoration Cost

Total depreciation and amortisation

4 340 193	3 368 163
4 108	2 090
12 941	12 941
73 086	95 332
4 430 327	3 478 527

32

FINANCE CHARGES

Post Retirement Charges

Landfill sites

Total finance charges

893 401	830 669
1 502 939	1 451 208
2 396 340	2 281 877

33

BULK PURCHASES

Electricity bulk purchases

Electricity distribution losses

Total Bulk Purchases

11 133 994	10 488 982
(1 648 775)	(1 601 689)
9 485 219	8 887 294

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GRANTS AND SUBSIDIES

Indigent Subsidies

Indigent Subsidies

Less: Equitable Share Property Rates

Less: Equitable Share Property Rates - Penalties & Collection Charges

Less: Equitable Share Service Charges

Total Grants and Subsidies

1 249 484	1 018 370
9 474 006	10 216 646
(741 552)	(629 681)
(10 299)	(69 942)
(7 472 671)	(8 498 653)
1 249 484	1 018 370

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35	GENERAL EXPENSES	2019 R	2018 R
	Advertisement, printing & stationary		
	Animal Feeds	92 500	296 810
	Audit Costs	444 190	287 230
	Bank charges	2 285 475	2 784 003
	Compensation insurance	283 862	218 949
	Chemicals	189 457	150 878
	Cleaning supplies	14 490	7 659
	Electricity Eskom	110 828	128 943
	Fuel & Oil	373 184	403 988
	Insurance	789 975	751 880
	Legal costs	171 972	169 837
	Material losses	45 952	99 163
	Membership for associations	701 492	-
	Other General Expenses	500 000	500 000
	Refuse bag purchases	780 676	630 118
	Other materials	180 900	76 500
	Street Lighting	894 137	1 065 984
	Subsistence and Travelling	345 142	331 854
	Telephone & Postage	1 383 138	1 234 778
	Uniforms	587 856	396 142
		84 362	53 177
	General Expenses	10 259 589	9 587 893
	Other General Expenses include administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial Performance. This include items such as vehicle licenses, cleaning materials, refreshments, water services fees and workmen compensation.		
	The amount disclosed above for material losses are in respect of costs incurred due to a fraudulent payment which occurred during the financial year. The matter has been reported to SAPS and the financial misconduct committee and investigations are in progress.		
36	CORRECTION OF ERROR IN TERMS OF GRAP 3		2018 R
36.01	Property, Plant and Equipment		
	Balance previously reported		131 629 958
	Correction of Error with Inventory listed under PPE during 2017-2018 - Note 36.03 and 10		(19 101)
	Total		131 610 858
36.02	Intangible Assets		
	Balance previously reported		1 534 735
	Correction of Error with cost incorrectly classified as Intangible Assets till 30 June 2017 - Note 36.04		(656 104)
	Correction of Error with accumulated amortisation incorrectly classified as Intangible Assets till 30 June 2017 - Note 36.04		15 034
	Correction of Error with cost incorrectly classified as Intangible Assets for 2017-2018 - Note 36.05		(879 572)
	Correction of Error with amortisation incorrectly classified as Intangible Assets for 2017-2018 - Note 36.05		42
	Total		14 136
36.03	Inventory		
	Balance previously reported		527 836
	Correction of Error with Inventory listed under PPE during 2017-2018 - Note 36.01 and 10		19 101
	Total		546 936
36.04	Accumulated Surplus/(Deficit)		
	Balance previously reported		129 771 925
	Correction of Error with cost incorrectly classified as Intangible Assets till 30 June 2017 - Note 36.02		(656 104)
	Correction of Error with accumulated amortisation incorrectly classified as Intangible Assets till 30 June 2017 - Note 36.02		15 034
	Total		129 130 856
36.05	Statement of Financial Performance		
	Balance previously reported		10 332 336
	Correction of Error with cost incorrectly classified as Intangible Assets for 2017-2018 - Note 36.02		(879 572)
	Correction of Error with amortisation incorrectly classified as Intangible Assets for 2017-2018 - Note 36.02		42
	Reclassification of Availability charges, previously classified as Service charges - Note 36.05		272 043
	Reclassification of Availability charges, previously classified as Service charges - Note 36.05		(272 043)
	Total		9 452 807

Correction of Error in note 36.01 to 36.05 was resulted due to Inventory incorrectly allocated to PPE and a contracted service incorrectly classified as Intangible assets. Reclassifications was also performed.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

37	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2019	2018
		R	R
	Surplus for the year	26 235 473	9 452 807
	Adjustments for:		
	Depreciation		
	Amortisation of Intangible Assets	4 426 220	3 476 437
	Contribution to Capitalised Restoration Cost	4 108	2 048
	(Gain)/Loss on disposal of property, plant and equipment	(464 276)	414 580
	Impairments	6 814	15 677
	Contribution from/to employee benefits - non-current	51 598	8 058
	Contribution from/to employee benefits - non-current - expenditure incurred	1 190 446	1 184 766
	Contribution from/to employee benefits - non-current - actuarial gains	(486 030)	(480 308)
	Contribution from/to employee benefits - non-current - actuarial gains	29 812	76 757
	Contribution to employee benefits - current	(1 916 511)	(412 486)
	Contribution to employee benefits - current - expenditure incurred	832 389	809 193
	Contribution to provisions - non-current - Rehabilitation of Landfill-sites	(484 157)	(482 571)
	Contribution to provisions - non-current - Unwinding of discounted interest	464 276	(414 580)
	Contribution to provisions - bad debt	1 502 939	1 451 208
	Contribution to provisions - VAT Impairment	3 957 784	271 774
	Unamortised discount - Interest - Revenue	430 351	(6 677)
	Contributed PPE	(1 133)	(1 274)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	-	(46 953)
	Operating lease income accrued	(4 033 749)	2 317 510
	Operating Surplus/(Deficit) before changes in working capital	4 039	(1 099)
	Changes in working capital	31 750 391	17 654 867
	Increase/(Decrease) in Payables from exchange transactions	(3 815 692)	2 527 599
	(Increase)/Decrease in Inventory	286 288	955 849
	(Increase)/Decrease in Trade Receivables from exchange transactions	-	(19 101)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(2 722 323)	1 739 161
		(1 379 657)	(148 310)
	Cash generated/(absorbed) by operations	27 934 698	20 182 467
38	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 20	42 170 213	42 765 463
	Bank - Note 20	257 876	483 234
	Total cash and cash equivalents	42 428 089	43 248 697
39	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 38	42 428 089	43 248 697
	Less:	42 428 089	43 248 697
	Unspent Conditional Grants - Note 8	14 352 960	18 384 053
	Cash Portion of Housing Development Fund - Note 2	14 304 758	18 338 507
	Net cash resources available for internal distribution	48 202	45 545
	Allocated to:	28 075 129	24 864 645
	Capital Replacement Reserve		
	Retention	(11 347 812)	(11 347 812)
	Provision for Employee benefits	(1 812 753)	(1 547 241)
	Reserves	(2 000 000)	(2 000 000)
	Staff Leave, Performance Management Bonus, Long Service	-	-
	Resources available for working capital requirements	(3 040 225)	(2 633 250)
		9 874 339	7 336 343

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

40	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2019 R	2018 R
40.01	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	136 466	2 961 043
	Approved by Council or condoned	-	1 396 362
	Current	(136 466)	(4 357 405)
	Prior Period	(136 466)	(4 357 405)
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	Incident		
	Over expenditure of approved budget		
	Disciplinary steps/criminal proceedings		
	<i>None</i>		
	The over expenditure incurred by municipal departments on their operating budgets during		
	Non-cash	-	-
	Cash	136 466	-
		136 466	-
	Analysed as follows: Non-cash		
	Employee related cost (Actuarial Valuations)	-	-
	Depreciation and Amortisation	-	-
	Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	-	-
	Loss on disposal of Property, Plant and Equipment	-	-
	Impairment Losses	-	-
	Other (list)	-	-
		-	-
	Analysed as follows: Cash		
	Bulk Purchases	-	-
	Contracted Services	-	-
	Employee related cost	-	-
	Operational Costs	-	-
	Capital Costs	-	-
		136 466	-
		136 466	-

The overspending of the Budget per municipal vote can be summarised as follows:

	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (Unauthorised)
Unauthorised expenditure current year - operating				
Executive & Council	9 603 699	9 883 497	(279 798)	-
Budget & Treasury	19 547 213	19 887 432	(340 219)	-
Other	12 734	23 649	(10 915)	-
Planning & Development	3 070 101	3 452 697	(382 596)	-
Health	22 553	22 562	(9)	-
Community & Social Services	2 823 005	2 871 460	(48 455)	-
Housing	175	3 850	(3 675)	-
Public Safety	62 229	63 159	(930)	-
Sport & Recreation	354 850	390 580	(35 730)	-
Environmental Protection	257 941	260 726	(2 785)	-
Waste Management	2 437 458	3 357 239	(919 781)	-
Waste Water Management	5 352 564	5 382 370	(29 806)	-
Road Transport	1 456 895	1 722 650	(265 755)	-
Water	2 418 555	3 058 132	(639 577)	-
Electricity	15 234 265	16 105 906	(871 641)	-
	62 654 237	66 485 909	(3 831 672)	-
Unauthorised expenditure current year - capital				
Budget & Treasury	550 034	1 948 004	(1 397 970)	-
Community & Social Services	309 985	371 950	(61 965)	-
Waste Water Management	1 327 442	1 200 000	127 442	-
Road Transport	6 039 704	7 972 000	(1 932 296)	-
Water	19 533 737	22 473 000	(2 939 263)	-
Electricity	1 009 024	1 000 000	9 024	-
	28 769 925	34 964 954	(6 195 029)	136 466

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

2019

R

2018

R

40.02

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance

Correction of prior period error

Restated opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

Current

Prior Period

Transfer to receivables for recovery - not condoned

Current

Prior Period

Fruitless and wasteful expenditure awaiting condonement

Fruitless and wasteful expenditure can be summarised as follow:

Incident

Disciplinary steps/criminal proceedings

40.03

Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance

Correction of prior period error

Restated opening balance

Irregular expenditure current year

Expenditure authorised i.t.o. Section 32 of MFMA

Current

Prior Period

Condonement supported by council

Current

Prior Period

Transfer to receivables for recovery - not condoned

Current

Prior Period

Irregular expenditure awaiting further action

Irregular expenditure can be summarised as follow:

Incident

Disciplinary steps/criminal proceedings

Salary and accomodation of Mr J.H. Adams

None

40.04

Material Losses

Electricity distribution losses

Units purchased (Kwh)

- Units lost during distribution (Kwh)

- Percentage lost during distribution

8 477 211

1 255 346

14.81%

8 346 033

1 274 456

15.27%

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		2019 R	2018 R
41.01	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
	Council subscriptions		
	Amount paid - current year	500 000	500 000
	Balance unpaid (Included in creditors)	(500 000)	(500 000)
41.02	Audit fees - [MFMA 125 (1)(b)] (excl. VAT)		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year audit fee		
	External Audit - Auditor-General	2 285 475	2 784 003
	Amount paid - current year	2 285 475	2 784 003
	Balance unpaid (Included in creditors)	(2 285 475)	(2 784 003)
41.03	VAT - [MFMA 125 (1)(b)]		
	Opening balance		
	Correction of prior period error	(1 486 129)	(3 500 257)
	Restated opening balance	-	-
	Amounts received - current year	(1 486 129)	(3 500 257)
	Amounts claimed - current year (payable)	6 894 000	3 607 703
	Amounts received - previous year	(7 616 827)	(5 093 832)
	Closing balance	1 486 129	3 500 257
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.	(722 827)	(1 486 129)
41.04	PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
	Opening balance		
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions		
	Amount paid - current year	3 498 447	3 132 120
	Balance unpaid (Included in creditors)	(3 498 447)	(3 132 120)
41.05	Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
	Opening balance		
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions		
	Amount paid - current year	(4 656 712)	(4 180 537)
	L.A. Health	4 656 712	4 180 537
	LA retirement fund	626 304	500 113
	Hosmed	282 707	259 903
	Consolidated retirement fund for local government	730 122	784 800
	Day1 Health	2 689 840	2 320 374
	Municipal workers retirement fund	-	6 951
	Balance unpaid (Included in creditors)	327 739	308 396
41.06	Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:		
	Councillor B.J.E. Stambee		
	Total Councillor Arrear Consumer Accounts	12 748	12 748
41.07	Quotations awarded - Section 45 - Supply Chain Management		
	JPC Bester		
	Meerkat		
	Witbooi Taxis		
	Blue Planet		
	Spouse employment of the state		
	Spouse works at SKA		
	Spouse works at Municipality		
	Spouse works at Stellenbosch Municipality		
	Outstanding more than 90 days	12 748	12 748
41.08	Deviations - Section 36(2) - Supply Chain Management		
	30 June 2019		
	Emergency cases		
	Availability		
	Limited Quotations		
	Deviation on tender/Not cheapest awarded		
	Service provider		
	Less than R30,000	11 381	83 644
	Between R30,001 and R200,000	562 497	156 641
	Between R200,001 and R2,000,000	65 690	1 252 883
	More than R2,000,001	60 347	-
		311 991	249 816
		1 011 907	1 742 985

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

41

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

30 June 2018	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Emergency cases	94 405	292 777	-	-
Availability	382 344	239 213	-	-
Limited Quotations	96 258	-	-	-
Deviation on tender/Not cheapest awarded	85 118	-	-	-
Donation - according to policy	29 694	-	-	-
Service provider	216 513	442 874	-	-
	904 331	974 864	-	-

Refer to Appendix E for detail on Deviations according to Section 36(2) - Supply Chain Management

42

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure

Total

This expenditure will be financed from:

Government Grants

2019 R	2018 R
5 598 435	12 050 111
5 598 435	12 050 111
5 598 435	12 050 111
5 598 435	12 050 111
5 598 435	12 050 111
5 598 435	12 050 111

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FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% Increase in interest rates
0.5% Decrease in interest rates

212 140	216 243
(212 140)	(216 243)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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FINANCIAL RISK MANAGEMENT (CONTINUE)

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
Non-Exchange Receivables				
Rates	0.00%	-	0.00%	-
Availability Charges	0.00%	-	0.00%	-
	0.00%	0	0.00%	0
Exchange Receivables				
Electricity	0.00%	-	0.00%	-
Water	0.00%	-	0.00%	-
Refuse	0.00%	-	0.00%	-
Sewerage	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	0	0.00%	0

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 & 18 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Non-Exchange Receivables				
Rates	91.45%	2 990 279	100.00%	1 943 535
Availability Charges	8.55%	279 695	0.00%	-
	100.00%	3 269 974	100.00%	1 943 535
Exchange Receivables				
Electricity	14.61%	763 983	17.42%	452 847
Water	30.87%	1 614 625	32.48%	844 168
Refuse	24.70%	1 291 828	19.92%	517 911
Sewerage	17.01%	889 870	11.18%	290 509
Other	12.82%	670 440	19.00%	493 967
	100.00%	5 230 747	100.00%	2 599 402

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Industrial	15.01%	1 275 643	6.39%	290 344
Residential	84.99%	7 225 078	93.61%	4 252 593
	100.00%	8 500 721	100%	4 542 937
	2019 %	2019 R	2018 %	2018 R

Bad debts written off per debtor class:

Non-Exchange Receivables				
Rates	0.00%	-	0.00%	-
Exchange Receivables				
Services	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	-	0.00%	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA, Nedbank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2019 R	2018 R
Long term receivables	20 918	24 558
Trade receivables and other receivables	3 099 076	3 385 230
Cash and Cash Equivalents	42 428 089	43 248 697
	45 548 083	46 658 485

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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FINANCIAL RISK MANAGEMENT (CONTINUE)

2019
R2018
R

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2019	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Provisions - Landfill Sites	-	-	-	202 171 932
Capital repayments	-	-	-	26 405 251
Interest	-	-	-	175 766 681
Trade and Other Payables	1 958 002	-	-	-
Consumer Deposits	327 904	-	-	-
Unspent conditional government grants and receipts	14 304 758	-	-	-
	16 590 664	-	-	202 171 932
2018				
Provisions - Landfill Sites	-	-	-	239 903 972
Capital repayments	-	-	-	24 438 036
Interest	-	-	-	215 465 936
Trade and Other Payables	1 671 714	-	-	-
Consumer Deposits	325 569	-	-	-
Unspent conditional government grants and receipts	18 338 507	-	-	-
	20 335 791	-	-	239 903 972

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FINANCIAL INSTRUMENTS

2019
R2018
R

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

44.1 Financial Assets

Classification

Long-term Receivables

Staff Loans

Financial instruments at amortised cost

18 549

23 516

Consumer Debtors

Trade receivables from exchange transactions

Financial instruments at amortised cost

6 342 493

3 591 762

Other receivables from exchange transactions

Financial instruments at amortised cost

2 857 427

2 885 836

Current Portion of Long-term Receivables

Staff Loans

Financial instruments at amortised cost

4 967

4 773

Short-term Investment Deposits

Call Deposits

Financial instruments at amortised cost

42 170 213

42 765 463

Bank Balances and Cash

Bank Balances

Financial instruments at amortised cost

257 876

483 234

51 651 526

49 754 584

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost

51 651 526

49 754 584

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

44	FINANCIAL INSTRUMENTS (CONTINUE)		2019	2018
			R	R
44.2	Financial Liability	Classification		
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	1 812 753	1 547 241
	Payments received in advance	Financial instruments at amortised cost	145 249	124 474
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	14 304 758	18 338 507
			16 262 760	20 010 222
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		16 262 760	20 010 222
45	EVENTS AFTER THE REPORTING DATE			
	None			
46	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
47	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
48	CONTINGENT ASSET/LIABILITIES			
	Raubex was awarded the tender for the construction of Vanwysvlei bulk water scheme by Kareeberg municipality. This tender was cancelled by Kareeberg municipality, and now Raubex is claiming R12,3 million for loss of profit, direct and indirect damages as a result of the cancellation of the tender.			
	R.G. de Wee is claiming R8 million for alleged negligence and/or lack of maintenance of electricity network by the Municipality.			
49	RELATED PARTIES			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
49.1	Related Party Transactions			
		Rates - Levied 1 July 2018 - 30 June 2019	Service Charges - Levied 1 July 2018 - 30 June 2019	Other - Levied 1 July 2018 - 30 June 2019
	Year ended 30 June 2019			Outstanding Balances 30 June 2019
	Councillors	4 190	44 834	10 985
	Municipal Manager and Section 56 Employees	21 269	50 363	-
				18 270
	Year ended 30 June 2018			19 854
	Councillors	2 956	37 262	9 466
	Municipal Manager and Section 56 Employees	13 267	37 585	-
				24 202
				350 313
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.			
	<u>Related party relationship</u>			
	Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.			
49.2	Related Party Loans			
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.			
49.3	Compensation of key management personnel			
	The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.			
49.4	Other related party transactions			
	The following purchases were made during the year where Councillors or Management have an interest:		2019	2018
	<u>Councillor/Staff Member</u>		R	R
	None		-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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FINANCIAL SUSTAINABILITY

2019
R

2018
R

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio increased to 2.4:1 from 2.09:1 in the prior year.

The municipality have budgeted for a surplus of R25 298 291 for the 2018/2019 financial year. The municipality is also budgeting for surplus during 2019/2020 and 2020/2021 amounting to R13 727 444 and (R757 909) respectively.

The average debtors' payment days increased to 184 days from 180 days.

Other Indicators

No outflow of resources due the contingent liability disclosed in note 48

51

STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Receivables from non-exchange transactions

Property Rates

3 008 522

-

Total Statutory Receivables (before provision)

3 008 522

-

Less: Provision for Debt Impairment

(2 990 279)

-

Total Statutory Receivables (after provision)

18 244

-

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No 89 of 1991)

Rates - Municipal Properties Rates Act (No 6 of 2004)

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ADDITIONAL DISCLOSURE IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

APPENDIX A - Unaudited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATION

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
15 845	(197 402)	(181 557)	Cemetery	15 710	(919 507)	(903 797)
2 380	(1 715 674)	(1 713 295)	Library	2 780	(1 834 497)	(1 831 717)
-	(25 239)	(25 239)	Museum	-	(69 002)	(69 002)
-	(3 105 745)	(3 105 745)	Corporate Services	-	(3 057 961)	(3 057 961)
8 929 949	(172 171)	8 757 778	Electricity Administration	-	(193 359)	9 773 051
-	(10 531 175)	(10 531 175)	Electricity Generation	9 966 410	(11 262 642)	(11 262 642)
-	(813 874)	(813 874)	Electricity Distribution	-	(1 795 760)	(1 795 760)
42 335 770	(10 745 436)	31 590 334	General Expenditure of Council	-	(12 068 289)	45 152 180
8 400	(205)	8 195	Official Housing	57 220 468	(175)	8 225
4 430 162	-	4 430 162	Property Rates	8 400	-	8 327 522
207 295	(10 578)	196 717	Commonage	8 327 522	(1 879)	221 957
51 590	(215 519)	(163 929)	Municipal Buildings	223 836	(50 806)	2 951
3 038 961	(10 389 518)	(7 350 557)	Municipal Manager/Treasurer	53 757	(16 436 567)	(9 748 469)
-	-	-	Health Service	6 688 098	-	-
-	(17 133)	(17 133)	Clinic	-	(22 553)	(22 553)
350	(21 627)	(21 277)	Air Port	-	(12 700)	(12 353)
-	(40)	(40)	Abattoir	347	(34)	(34)
-	(14 605)	(14 605)	Fire Department	-	(15 732)	(15 732)
-	(750)	(750)	Civil Protection	-	(787)	(787)
800	(31 749)	(30 949)	Pound	-	(45 710)	(45 710)
-	-	-	Main Roads	-	-	-
200	(3 409 185)	(3 408 985)	Public Works	-	-	-
-	(1 163 935)	(1 163 935)	Streets & Pavements	70	(3 070 101)	(3 070 031)
4 500	(233 890)	(229 390)	Licensing & Traffic	-	(1 284 942)	(1 284 942)
22 771	(268 947)	(246 176)	Nature Reserve	5 740	(171 953)	(166 213)
659	(252 134)	(251 475)	Parks & Open areas	13 022	(257 941)	(244 919)
-	(7 752)	(7 752)	Swimming Pool	535	(332 259)	(331 724)
5 106	(14 270)	(9 164)	Caravan Park	-	(7 203)	(7 203)
1 301 576	(3 622 811)	(2 321 235)	Refuse	3 231	(15 387)	(12 156)
336 743	(4 368 779)	(4 032 036)	Sewerage & Cleansing	1 890 906	(2 437 458)	(546 552)
-	(961 647)	(961 647)	Water Distribution	1 566 825	(5 469 209)	(3 902 384)
1 952 072	(896 248)	1 055 824	Water Provision	-	(1 799 650)	(1 799 650)
62 645 130	(53 208 037)	9 437 092	Sub Total	2 902 054	(985 864)	1 916 190
-	895 244	895 244	Less Inter-Departmental Charges	88 889 710	(63 619 925)	25 269 784
62 645 130	(52 312 793)	10 332 336	Total	-	965 688	965 688
				88 889 710	(62 654 237)	26 235 473

APPENDIX B - Unaudited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
42 335 770	(10 745 436)	31 590 334	Executive & Council	57 220 468	(9 603 699)	47 616 769
7 736 759	(10 637 487)	(2 900 728)	Budget & Treasury	15 293 213	(19 547 213)	(4 254 000)
-	(3 105 745)	(3 105 745)	Corporate Services	347	(12 734)	(12 387)
-	-	-	Planning & Development	70	(3 070 101)	(3 070 031)
18 225	(17 133)	(17 133)	Health	-	(22 553)	(22 553)
-	(1 938 316)	(1 920 091)	Community & Social Services	18 490	(2 823 005)	(2 804 515)
800	(47 105)	(46 305)	Housing	8 400	(175)	8 225
28 536	(543 102)	(514 566)	Public Safety	-	(62 229)	(62 229)
-	-	-	Sport & Recreation	3 766	(354 850)	(351 084)
1 301 576	(3 622 811)	(2 321 235)	Environmental Protection	13 022	(257 941)	(244 919)
336 743	(4 368 779)	(4 032 036)	Waste Management	1 890 906	(2 437 458)	(546 552)
4 700	(4 807 010)	(4 802 310)	Waste Water Management	1 566 825	(5 429 737)	(3 862 912)
1 952 072	(1 857 895)	94 178	Road Transport	5 740	(1 456 895)	(1 451 155)
8 929 949	(11 517 220)	(2 587 271)	Water	2 902 054	(2 459 975)	442 079
			Electricity	9 966 410	(16 081 360)	(6 114 951)
62 645 130	(53 208 037)	9 437 092	Sub Total	88 889 710	(63 619 925)	25 269 784
-	895 244	895 244	Less Inter-Departmental Charges	-	965 688	965 688
62 645 130	(52 312 793)	10 332 336	Total	88 889 710	(62 654 237)	26 235 473

APPENDIX C - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Interest on Investments	Other Income	Transfer due to NT's request to return grant	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019
	R	R	R		R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
Job Creation De Built	46 081	2 688	-	-	-	-	48 769
Land Development	72 345	4 220	-	-	-	-	76 565
Civil Defence	20 944	-	-	-	-	-	20 944
CMIP Kwaggakolk (VAT)	725	40	-	-	-	-	765
Sanitation - sewerage	184 441	-	-	-	-	-	184 441
Electricity Schietfontein	41 513	2 420	-	-	-	-	43 933
Water Service Plan	3 879	225	-	-	-	-	4 104
CMIP - Saaipoort project 301	4 258	247	-	-	-	-	4 505
Library Development Projects	0	-	1 112 000	-	711 246	400 754	-0
Paving Projects	28 062	1 636	-	-	-	-	29 698
Lotto Camanvon	2 153	125	-	-	-	-	2 278
Lotto Vosburg	38 010	2 218	-	-	-	-	40 228
Municipal Finance Management Grant	-	-	1 970 000	-	1 970 000	-	170 593
Transfer Fees Sub-Economic	160 872	9 721	-	-	-	-	32 126
Cleaning Project Vosburg	30 344	1 782	-	-	-	-	14 899
VAT - Retention	14 080	819	-	-	-	-	-
Municipal Infrastructure Grant Additional	-	-	-	-	-	-	-
Municipal Infrastructure Grant	-	-	7 972 000	-	1 039 826	6 932 174	-
Youth Development	93 632	-	-	-	-	-	-
Expanded Public Works Program (PWPG)	-	-	-	-	-	-	-
Electricity	-	-	1 000 000	-	1 000 000	-	93 632
DWA (Department of Water Affairs) Refurbishment	-0	-	1 000 000	-	130 435	-	-0
DWA (Department of Water Affairs) Drought Relief	-	-	5 000 000	-	652 174	869 565	-0
RBIG (Department of Water Affairs and Forestry)	4 626 000	-	-	-	603 391	4 347 826	-0
	12 971 167	-	14 047 000	-	1 756 826	11 724 065	-
Total	18 338 507	26 142	32 101 000	-	7 863 898	28 296 993	13 537 276
							14 304 758

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Reconciliation of Table A1 Budget Summary

R thousands												
Description	2018/2019					2017/2018						
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	7 079	418	7 497	8 328		830	0.0%	0.0%				
Service charges	18 843	(9 688)	7 155	18 023		8 867	0.0%	0.0%				
Investment revenue	1 319	1 500	2 819	3 441		621	0.0%	0.0%				
Transfers recognised - operational	26 106	-	26 106	29 888		3 782	0.0%	0.0%				
Other own revenue	20 639	(5 078)	15 561	2 914		(12 647)	0.0%	0.0%				
Total Revenue (excluding capital transfers and contributions)	71 987	(12 848)	59 139	60 592		1 453	0.0%	0.0%				
Employee costs	22 526	1 351	23 877	20 905		(2 973)	0.0%	0.0%				
Remuneration of councillors	2 816	(11)	2 805	2 532		5 337	0.0%	0.0%				
Depreciation & asset impairment	5 154	1 000	6 154	4 430		(1 724)	0.0%	0.0%				
Finance charges	959	-	959	2 396		1 438	0.0%	0.0%				
Materials and built purchases	13 443	(1 600)	11 843	15 185		27 028	0.0%	0.0%				
Transfers and grants	1 782	(127)	1 655	1 249		2 904	0.0%	0.0%				
Other expenditure	22 758	(3 565)	19 193	15 956		35 149	0.0%	0.0%				
Total Expenditure	89 437	(2 831)	86 488	82 654		87 180	0.0%	0.0%				
Surplus/(Deficit)	2 550	(9 898)	(7 347)	(2 062)		88 814	0.0%	0.0%				
Transfers recognised - capital	85 422	(32 777)	32 645	28 287		60 942	0.0%	0.0%				
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-				
Surplus/(Deficit) after capital transfers & contributions	67 872	(42 873)	25 288	28 235		128 555	0.0%	0.0%				
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				
Surplus/(Deficit) for the year	67 872	(42 873)	25 288	28 235		128 555	0.0%	0.0%				
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	65 422	(32 777)	32 645	28 287		60 942	0.0%	0.0%				
Public contributions & donations	-	-	-	-		-	0.0%	0.0%				
Borrowing	-	-	-	-		-	0.0%	0.0%				
Internally generated funds	5 875	(3 555)	2 320	-		2 320	0.0%	0.0%				
Total sources of capital funds	71 297	(38 332)	34 965	28 287		63 282	0.0%	0.0%				
Cash flows												
Net cash from (used) operating	(60 722)	4 037	(56 635)	27 935		(28 701)	0.0%	0.0%				
Net cash from (used) investing	(0)	0	-	(28 762)		(28 762)	0.0%	0.0%				
Net cash from (used) financing	(0)	-	(0)	7		7	0.0%	0.0%				
Cash/cash equivalents at the year end	(60 722)	4 037	(56 635)	(821)		(57 456)	0.0%	0.0%				

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/2019								2017/2018			
	Original Budget	Budget Adjustments (L.O. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	53 906	(10 271)	43 635	72 514		(28 879)	0.0%	0.0%				
Executive and council	26 370	(6 472)	19 898	57 220		(37 322)	0.0%	0.0%				-
Finance and administration	27 536	(3 799)	23 737	15 293		8 444	0.0%	0.0%				-
Internal audit	-	-	-	-		-	0.0%	0.0%				-
<i>Community and public safety</i>	1 139	-	1 139	31		1 108	0.0%	0.0%				-
Community and social services	1 119	-	1 119	18		1 100	0.0%	0.0%				-
Sport and recreation	13	-	13	4		9	0.0%	0.0%				-
Public safety	1	-	1	-		1	0.0%	0.0%				-
Housing	6	-	6	8		(2)	0.0%	0.0%				-
Health	-	-	-	-		-	0.0%	0.0%				-
<i>Economic and environmental services</i>	863	7 111	7 974	19		7 955	0.0%	0.0%				-
Planning and development	861	(861)	0	0		0	0.0%	0.0%				-
Road transport	2	7 972	7 974	6		7 968	0.0%	0.0%				-
Environmental protection	0	-	0	13		(13)	0.0%	0.0%				-
<i>Trading services</i>	81 500		39 036	16 326		22 710	0.0%	0.0%				-
Electricity	12 837	(1 204)	11 632	9 966		1 666	0.0%	0.0%				-
Water	61 786	(35 594)	26 192	2 902		23 290	0.0%	0.0%				-
Waste water management	5 190	(2 882)	2 308	1 567		741	0.0%	0.0%				-
Waste management	1 687	(2 784)	(1 097)	1 891		(2 988)	0.0%	0.0%				-
<i>Other</i>	0	-	0	0		(0)	0.0%	0.0%				-
Total Revenue - Standard	137 409	(3 160)	91 784	88 890		2 894	0.0%	0.0%				-
Expenditure - Standard												
<i>Governance and administration</i>	28 773	998	29 771	(29 151)	-	58 922	0.0%	0.0%	-	-	-	-
Executive and council	9 859	25	9 883	(9 604)	-	19 487	0.0%	0.0%	-	-	-	-
Finance and administration	18 915	973	19 887	(19 547)	-	39 435	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i>Community and public safety</i>	3 663	(311)	3 352	(3 263)	-	6 614	0.0%	0.0%	-	-	-	-
Community and social services	3 123	(252)	2 871	(2 823)	-	5 694	0.0%	0.0%	-	-	-	-
Sport and recreation	415	(24)	391	(355)	-	745	0.0%	0.0%	-	-	-	-
Public safety	66	(3)	63	(62)	-	125	0.0%	0.0%	-	-	-	-
Housing	4	(0)	4	(0)	-	4	0.0%	0.0%	-	-	-	-
Health	54	(32)	23	(23)	-	45	0.0%	0.0%	-	-	-	-
<i>Economic and environmental services</i>	5 697	(261)	5 436	(4 785)	-	10 221	0.0%	0.0%	-	-	-	-
Planning and development	3 601	(148)	3 453	(3 070)	-	6 523	0.0%	0.0%	-	-	-	-
Road transport	2 031	(308)	1 723	(1 457)	-	3 180	0.0%	0.0%	-	-	-	-
Environmental protection	65	196	261	(258)	-	519	0.0%	0.0%	-	-	-	-
<i>Trading services</i>	31 280	(3 376)	27 904	(25 443)	-	53 346	0.0%	0.0%	-	-	-	-
Electricity	18 244	(2 139)	16 106	(15 234)	-	31 340	0.0%	0.0%	-	-	-	-
Water	3 156	(98)	3 058	(2 419)	-	5 477	0.0%	0.0%	-	-	-	-
Waste water management	6 292	(910)	5 382	(5 353)	-	10 735	0.0%	0.0%	-	-	-	-
Waste management	3 587	(230)	3 357	(2 437)	-	5 795	0.0%	0.0%	-	-	-	-
<i>Other</i>	25	(1)	24	(13)	-	36	0.0%	0.0%	-	-	-	-
Total Expenditure - Standard	69 437	(2 951)	66 486	(62 654)	-	129 140	0.0%	0.0%	-	-	-	-
Surplus/(Deficit) for the year	67 972	(209)	25 298	26 235	-	(126 246)	0.0%	0.0%	-	-	-	-

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/2019								2017/2018			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	26 370	(5 472)	19 898	57 220		37 322	0.0%	0.0%				-
Vote 2 - Finance	27 536	(3 798)	23 737	15 293		(8 444)	0.0%	0.0%				-
Vote 3 - Community and public safety	1 139	-	1 139	0		(1 139)	0.0%	0.0%				-
Vote 4 - Infrastructure Development	82 364	(35 354)	47 010	16 376		(30 634)	0.0%	0.0%				-
Vote 5 - Economic Development	-	-	-	-		-	-	-				-
Example 6 - Vote6	-	-	-	-		-	-	-				-
Example 7 - Vote7	-	-	-	-		-	-	-				-
Example 8 - Vote8	-	-	-	-		-	-	-				-
Example 9 - Vote9	-	-	-	-		-	-	-				-
Example 10 - Vote10	-	-	-	-		-	-	-				-
Example 11 - Vote11	-	-	-	-		-	-	-				-
Example 12 - Vote12	-	-	-	-		-	-	-				-
Example 13 - Vote13	-	-	-	-		-	-	-				-
Example 14 - Vote14	-	-	-	-		-	-	-				-
Example 15 - Vote15	-	-	-	-		-	-	-				-
Total Revenue by Vote	137 409	(45 625)	91 784	88 890		(2 894)	0.0%	0.0%				-
Expenditure by Vote to be appropriated												
Vote 1 - Executive and Council	9 859	25	9 883	(9 604)	-	280	0.0%	0.0%	-	-	-	-
Vote 2 - Finance	18 915	973	19 887	(19 547)	-	340	0.0%	0.0%	-	-	-	-
Vote 3 - Community and public safety	3 663	(311)	3 352	(13)	-	3 339	0.0%	0.0%	-	-	-	-
Vote 4 - Infrastructure Development	37 001	(3 638)	33 363	(33 491)	-	(127)	0.0%	0.0%	-	-	-	-
Vote 5 - Economic Development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Total Expenditure by Vote	69 437	(2 951)	66 486	(62 654)	-	3 832	0.0%	0.0%	-	-	-	-
Surplus/(Deficit) for the year	67 971	(48 576)	25 298	26 235		(5 726)	0.0%	0.0%				-

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/2019								2017/2018			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	7 079	418	7 497	8 328		830	0.0%	0.0%				
Service charges - electricity revenue	10 390	(1 204)	9 185	9 849		663	0.0%	0.0%				
Service charges - water revenue	2 675	(2 817)	(142)	2 718		2 860	0.0%	0.0%				
Service charges - sanitation revenue	2 092	(2 882)	(790)	1 567		2 357	0.0%	0.0%				
Service charges - refuse revenue	1 687	(2 784)	(1 097)	1 889		2 987	0.0%	0.0%				
Rental of facilities and equipment	376	-	376	294		(82)	0.0%	0.0%				
Interest earned - external investments	1 319	1 500	2 819	3 440		620	0.0%	0.0%				
Interest earned - outstanding debtors	200	-	200	1		(198)	0.0%	0.0%				
Dividends received	-	-	-	-		-	0.0%	0.0%				
Fines, penalties and forfeits	13	-	13	10		(3)	0.0%	0.0%				
Licences and permits	6	-	6	13		7	0.0%	0.0%				
Agency services	-	-	-	151		151	0.0%	0.0%				
Transfers and subsidies	26 106	-	26 106	29 888		3 782	0.0%	0.0%				
Other revenue	20 044	(5 078)	14 966	2 445		(12 521)	0.0%	0.0%				
Gains on disposal of PPE	-	-	-	-		-	0.0%	0.0%				
Total Revenue (excluding capital transfers and contributions)	71 587	(12 848)	59 139	60 592		1 452	0.0%	0.0%				
Expenditure By Type												
Employee related costs	22 526	1 351	23 877	20 905		(2 973)	0.0%	0.0%				
Remuneration of councillors	2 816	(11)	2 805	2 532		(273)	0.0%	0.0%				
Debt impairment	3 401	263	3 664	3 958		294	0.0%	0.0%				
Depreciation & asset impairment	5 154	1 000	6 154	4 430		(1 724)	0.0%	0.0%				
Finance charges	959	-	959	2 396		1 438	0.0%	0.0%				
Bulk purchases	12 549	(1 600)	10 749	9 485		(1 263)	0.0%	0.0%				
Other materials	894	200	1 094	-		(1 094)	0.0%	0.0%				
Contracted services	6 522	-	6 522	5 700		(822)	0.0%	0.0%				
Transfers and grants	1 782	(127)	1 655	1 249		(405)	0.0%	0.0%				
Other expenditure	12 834	(3 827)	9 007	11 991		2 984	0.0%	0.0%				
Loss on disposal of PPE	-	-	-	7		7	0.0%	0.0%				
Total Expenditure	69 437	(2 951)	66 486	62 654		(3 832)	0.0%	0.0%				
Surplus/(Deficit)	2 550	(9 896)	(7 347)	(2 063)		5 284	0.0%	0.0%				
Transfers recognised - capital	65 422	(32 777)	32 645	28 297		(4 348)	0.0%	0.0%				
Contributions recognised - capital	-	-	-	-		-	0.0%	0.0%				
Contributed assets	-	-	-	-		-	0.0%	0.0%				
Surplus/(Deficit) after capital transfers & contributions	67 972	(42 673)	25 298	26 234		936	0.0%	0.0%				
Taxation	-	-	-	-		-	0.0%	0.0%				
Surplus/(Deficit) after taxation	67 972	(42 673)	25 298	26 234		936	0.0%	0.0%				
Attributable to minorities	-	-	-	-		-	0.0%	0.0%				
Surplus/(Deficit) attributable to municipality	67 972	(42 673)	25 298	26 234		936	0.0%	0.0%				
Share of surplus/ (deficit) of associate	-	-	-	-		-	0.0%	0.0%				
Surplus/(Deficit) for the year	67 972	(42 673)	25 298	26 234		936	0.0%	0.0%				

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/2019								2017/2018			
	Original Budget	Total Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Municipal Manager	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Finance	1 875	73	1 948	549	(1 399)	-	0%	0%	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Infrastructure Development	69 422	(44 749)	24 673	21 870	(2 803)	-	0%	0%	-	-	-	-
Vote 5 - Economic Development	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital multi-year expenditure	71 297	(44 676)	26 621	22 419	(4 202)	-	0%	0%	-	-	-	-
Single-year expenditure												
Vote 1 - Municipal Manager	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate Services	-	372	372	310	(62)	-	0%	0%	-	-	-	-
Vote 4 - Infrastructure Development	2 200	5 772	7 972	6 040	(1 932)	-	0%	0%	-	-	-	-
Vote 5 - Economic Development	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital single-year expenditure	2 200	6 144	8 344	6 350	(1 994)	-	0%	0%	-	-	-	-
Total Capital Expenditure - Vote	73 497	(38 532)	34 965	28 769	(6 196)	-	0%	0%	-	-	-	-
Capital Expenditure - Standard												
Governance and administration	1 875	73	1 948	549	(1 399)	-	0%	0%	-	-	-	-
Executive and council	-	-	-	-	-	-	0%	0%	-	-	-	-
Finance and administration	1 875	73	1 948	549	(1 399)	-	0%	0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
Community and public safety	-	372	372	310	(62)	-	0%	0%	-	-	-	-
Community and social services	-	372	372	310	(62)	-	0%	0%	-	-	-	-
Sport and recreation	-	-	-	-	-	-	0%	0%	-	-	-	-
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
Economic and environmental services	11 972	(4 000)	7 972	6 040	14 012	-	0%	0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	11 972	(4 000)	7 972	6 040	14 012	-	0%	0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
Trading services	57 450	(32 777)	24 673	21 870	42 143	-	0%	0%	-	-	-	-
Electricity	1 000	-	1 000	1 009	9	-	0%	0%	-	-	-	-
Water	56 450	(33 977)	22 473	19 534	42 007	-	0%	0%	-	-	-	-
Waste water management	-	1 200	1 200	1 327	127	-	0%	0%	-	-	-	-
Waste management	-	-	-	-	-	-	0%	0%	-	-	-	-
Other	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Standard	71 297	(36 332)	34 965	28 769	54 694	-	0%	0%	-	-	-	-
Funded by:												
National Government	65 422	(32 777)	32 645	28 280	-	-	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers recognised - capital	65 422	(32 777)	32 645	28 280	-	-	0%	0%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	0%	0%	-	-	-	-
Borrowing	-	-	-	-	-	-	0%	0%	-	-	-	-
Internally generated funds	5 875	(3 555)	2 320	489	-	-	0%	0%	-	-	-	-
Total Capital Funding	71 297	(36 332)	34 965	28 769	-	-	0%	0%	-	-	-	-

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
CASH FLOWS

Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/2019							2017/2018 Restated Audited Outcome
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	7 079	418	7 497	7 159	(338)	0.0%	0.0%	-
Service charges	16 843	(9 688)	7 156	11 522	4 366	0.0%	0.0%	-
Other revenue	20 639	(5 078)	15 561	4 611	(10 950)	0.0%	0.0%	-
Government - operating	26 106	-	26 106	26 106	-	0.0%	0.0%	-
Government - capital	65 422	(32 777)	32 645	28 019	(4 626)	0.0%	0.0%	-
Interest	1 319	1 500	2 819	3 336	517	0.0%	0.0%	-
Dividends	-	-	-	-	-	0.0%	0.0%	-
Payments								
Suppliers and employees	(58 142)	4 087	(54 055)	(49 172)	(4 883)	0.0%	0.0%	-
Finance charges	(959)	-	(959)	(2 396)	1 438	0.0%	0.0%	-
Transfers and Grants	(1 622)	-	(1 622)	(1 249)	(372)	0.0%	0.0%	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 687	(41 538)	35 149	27 935	(14 849)	0.0%	0.0%	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	37	(37)	0.0%	0.0%	-
Decrease (increase) in non-current debtors	8	(8)	-	-	-	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
Payments								
Capital assets	(60 814)	60 814	-	(28 800)	28 800	0.0%	0.0%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(60 806)	60 806	-	(28 762)	28 762	0.0%	0.0%	-
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	0.0%	0.0%	-
Borrowing long term/refinancing	-	-	-	5	5	0.0%	0.0%	-
Increase (decrease) in consumer deposits	10	(10)	-	2	2	0.0%	0.0%	-
Payments								
Repayment of borrowing	-	-	-	-	-	0.0%	0.0%	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	10	(10)	-	7	7	0.0%	0.0%	-
NET INCREASE/ (DECREASE) IN CASH HELD	15 891	19 258	35 149	(821)	13 921			
Cash/cash equivalents at the year begin:	-	-	-	43 249				-
Cash/cash equivalents at the year end:	15 891	19 258	35 149	42 428	13 921	0.0%	0.0%	-

APPENDIX E - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2019

NOT THREE QUOTATIONS

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
16-07-2018	GS Survey	29 900.00	Service Provider
26-10-2018	SAW Africa	4 897.69	Exceptional
26-10-2018	SAW Africa	4 302.56	Exceptional
09-10-2018	Blue Planet Trading	10 695.00	Exceptional
16-10-2018	SAW Africa	2 148.87	Exceptional
08-01-2019	CSB Handel	2 946.18	Exceptional
14-01-2019	De Aar Bande en Gas	10 800.00	Exceptional
		<u>65 690.30</u>	
R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
30-10-2018	Calteau & Partners	60 205.46	Exceptional
29-11-2018	Calteau & Partners	277 920.05	Exceptional
20-12-2018	Calteau & Partners	184 616.62	Exceptional
30-01-2019	Calteau & Partners	69 331.39	Exceptional
27-03-2019	Calteau & Partners	97 615.13	Exceptional
28-03-2019	Calteau & Partners	200 394.19	Exceptional
29-04-2019	Calteau & Partners	136 398.63	Exceptional
30-05-2019	Calteau & Partners	52 174.60	Exceptional
27-06-2019	Calteau & Partners	174 226.94	Exceptional
		<u>1 252 883.01</u>	

NOT CHEAPEST QUOTATION

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
27-07-2018	Karoo Vleisboere	4 554.00	Exceptional
13-08-2018	De Aar Bande en Gas	16 980.00	Exceptional
17-10-2018	CSB Handel	5 908.40	Exceptional
14-01-2019	De Aar Bande en Gas	4 250.00	Exceptional
14-01-2019	Karoo Vleisboere	5 198.00	Exceptional
15-02-2019	Lexis Nexis	7 932.01	Exceptional
14-03-2019	Arch Actuarial	15 525.00	Exceptional
		<u>60 347.41</u>	

EMERGENCY

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
05-12-2018	CSB Handel	4 436.48	Sole Provider
09-01-2019	GWK Vanwyksvlei	6 944.98	Emergency
		<u>11 381.46</u>	
R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
09-01-2019	Tricom Africa	30 034.38	Emergency
26-11-2018	Profound Pursuit	53 610.00	Emergency
		<u>83 644.38</u>	

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KAREEBERG LOCAL MUNICIPALITY
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AVAILABILITY

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
03-07-2018	EMC Electrical Reticulation		
01-07-2018	XYX Construction	21 079.50	Exceptional
01-07-2018	XYX Construction	3 634.00	Exceptional
04-07-2018	CSB Handel	2 593.25	Exceptional
06-07-2018	Carnarvon Abattoir	9 200.00	Service Provider
16-07-2018	Carnarvon Spar	2 036.02	Exceptional
17-07-2018	Info Atronics	3 020.20	Exceptional
17-07-2018	Bester's Auto	4 180.85	Exceptional
19-07-2018	XYX Construction	19 404.99	Service Provider
23-07-2018	Karoo Vleisboere	2 530.00	Service Provider
27-07-2018	Jacobs Broers	2 421.69	Service Provider
23-08-2018	Bester's Auto	5 228.55	Exceptional
30-08-2018	PDK Office - De Aar	2 969.20	Service Provider
30-08-2018	PDK Office - De Aar	2 248.50	Service Provider
05-09-2018	GB Kempen en De Wet Nel	2 900.00	Service Provider
17-09-2018	Bester's Auto	15 042.23	Service Provider
19-09-2018	Jacobs Broers	22 374.18	Service Provider
08-10-2018	Karoo Vleisboere	2 088.47	Service Provider
09-10-2018	Bester's Auto	2 942.26	Service Provider
09-10-2018	CSB Handel	2 641.75	Service Provider
09-10-2018	Karoo Vleisboere	2 419.02	Service Provider
15-10-2018	KVB Carnarvon	2 276.50	Service Provider
18-10-2018	KVB Carnarvon	2 421.69	Service Provider
01-11-2018	KVB Carnarvon	3 110.98	Service Provider
05-11-2018	CP Nel/Rodmile Motors	7 702.67	Service Provider
05-11-2018	CP Nel/Rodmile Motors	3 006.46	Service Provider
12-11-2018	Jacobs Broers	3 878.03	Service Provider
12-11-2018	KVB Carnarvon	9 074.84	Service Provider
26-11-2018	KVB Carnarvon	13 487.15	Service Provider
29-11-2018	Carnarvon Boukontrakteurs	25 219.65	Emergency
03-12-2018	Travelstart	6 670.00	Service Provider
06-12-2018	KVB Carnarvon	3 059.00	Exceptional
06-12-2018	KVB Carnarvon	3 300.00	Service Provider
06-12-2018	Jacobs Broers	7 595.06	Service Provider
06-12-2018	PDK Office - De Aar	5 645.10	Service Provider
07-12-2018	Karoo Vleisboere	5 059.20	Service Provider
10-12-2018	KVB Carnarvon	12 064.18	Service Provider
17-12-2018	Jacobs Broers	11 392.59	Service Provider
17-12-2018	KVB Carnarvon	7 312.35	Service Provider
18-12-2018	Jacobs Broers	6 999.08	Emergency
18-12-2018	KVB Carnarvon	2 471.65	Service Provider
04-01-2019	CSB Handel	3 226.25	Service Provider
04-01-2019	PDK Office - De Aar	7 168.16	Service Provider
07-01-2019	KVB Carnarvon	3 515.00	Service Provider
08-01-2019	Karoo Vleisboere	16 010.25	Service Provider
08-01-2019	Rodmile Motors	6 421.09	Service Provider
11-01-2019	Luvuyo and Mihle Property and Services	3 638.54	Exceptional
14-01-2019	XYX Construction	29 900.00	Exceptional
15-01-2019	Karoo Vleisboere	2 196.50	Service Provider
24-01-2019	Jacobs Broers	3 421.54	Service Provider
25-01-2019	XYX Construction	6 868.30	Service Provider
07-02-2019	PDK Office - De Aar	10 350.00	Exceptional
08-02-2019	PDK Office - De Aar	12 908.50	Service Provider
18-02-2019	PDK Office - De Aar	9 012.00	Service Provider
19-02-2019	Boland Fire	4 627.80	Service Provider
27-02-2019	Jacobs Broers	7 164.50	Service Provider
28-02-2019	Jacobs Broers	7 364.86	Service Provider
01-03-2019	Jacobs Broers	7 337.30	Service Provider
12-03-2019	Witcornelius Enterprises	9 916.25	Service Provider
16-03-2019	XYX Construction	2 800.00	Service Provider
16-03-2019	XYX Construction	18 112.50	Service Provider
25-03-2019	PDK Office - De Aar	18 112.50	Service Provider
06-04-2019	PDK Office - De Aar	3 181.40	Service Provider
04-04-2019	Witcornelius Enterprises	9 482.00	Service Provider
05-04-2019	XYX Construction	2 100.00	Service Provider
11-04-2019	Leon Swanepoel	5 410.75	Service Provider
16-04-2019	CSB Handel	2 760.00	Service Provider
18-04-2019	Jacobs Broers	2 268.72	Service Provider
18-04-2019	Jacobs Broers	4 471.65	Service Provider
23-04-2019	KLK Landbou Beperk	18 655.00	Service Provider
14-05-2019	Jacobs Broers	3 739.40	Service Provider
21-05-2019	Jacobs Broers	4 885.65	Service Provider
21-05-2019	Karoo Vleisboere	2 590.30	Service Provider
06-06-2019	Jacobs Broers	2 116.41	Service Provider
20-06-2019	De Aar Motors	3 992.00	Service Provider
27-06-2019	CP Nel/Rodmile Motors	9 548.25	Service Provider
30-06-2019	UIS Analytical Services	8 065.20	Service Provider
		<u>16 457.65</u>	
		<u>562 497.06</u>	

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KAREEBERG LOCAL MUNICIPALITY
DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2019

R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
03-07-2018	De Jagers Loodgieters	44 108.50	Service Provider
	Wholehearted Music cc	62 800.00	Sole Provider
	Herman van Heerden Ing/Inc	49 732.54	Service Provider
		<u>156 641.04</u>	

SERVICE PROVIDER

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
21-07-2017	Nashua	2 459.31	Service Provider
18-07-2019	Afrihost	21 087.00	Service Provider
30-07-2018	UTD HR Consulting	15 640.00	Service Provider
01-08-2018	CP Nel/Rodmile Motors	4 076.36	Service Provider
03-08-2018	Nico Swart Consultancy	28 947.95	Exceptional
17-08-2018	Nico Swart Consultancy	22 723.00	Exceptional
17-09-2018	SRK Consulting	16 387.50	Service Provider
25-09-2018	Chartered Institute	14 852.00	Sole Provider
28-09-2018	Ignite	24 021.20	Service Provider
03-10-2018	Ignite	29 900.00	Service Provider
22-11-2018	GB Kempen en De Wet Nel	17 595.00	Service Provider
29-11-2018	SAGE South Africa	2 109.10	Service Provider
30-01-2019	Carnarvon Boukontrakteurs	3 003.16	Sole Provider
06-02-2019	SAGE South Africa	2 415.00	Service Provider
21-02-2019	GB Kempen en De Wet Nel	6 560.98	Service Provider
09-03-2019	CP Nel/Rodmile Motors	6 705.00	Service Provider
09-03-2019	Besters en Seuns Ford	3 970.85	Service Provider
21-03-2019	CP Nel/Rodmile Motors	6 953.05	Service Provider
31-03-2019	GB Kempen en De Wet Nel	3 000.00	Service Provider
16-04-2019	CP Nel/Rodmile Motors	3 265.39	Service Provider
10-05-2019	CSB Handel	4 776.72	Service Provider
17-05-2019	CP Nel/Rodmile Motors	21 041.39	Service Provider
30-05-2019	CP Nel/Rodmile Motors	6 495.55	Service Provider
04-06-2019	Noordwester	2 357.50	Service Provider
03-06-2019	Mubeko Africa	9 004.50	Service Provider
20-06-2019	UTD HR Consulting	14 283.30	Service Provider
	Top Carpets	18 360.00	Service Provider
		<u>311 990.81</u>	
R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
21-08-2018	Fantique Trade	88 655.02	Service Provider
13-08-2018	Conlog	30 530.90	Service Provider
	EDK Besigheidsmasjiene BK	95 127.97	Service Provider
	CSB Handel	35 502.23	Exceptional
		<u>249 816.12</u>	

TOTAL DEVIATIONS

2 754 891.59